



PORT OF GUAM
ATURIDATI PUEYTON GUAHAN
Jose D. Leon Guerrero Commercial Port
1026 Cabras Highway, Suite 201, Piti, Guam 96925
Telephone: 671-477-5931/35 Facsimile: 671-477-2689/4445
Website: www.portguam.com



Eddie Baza Calvo
Governor of Guam
Ray Tenorio
Lieutenant Governor

REGULAR MEETING OF THE BOARD OF DIRECTORS
Jose D. Leon Guerrero Port Authority of Guam
Thursday, January 31, 2013
11:45am

AGENDA

- I. CALL TO ORDER
- II. ELECTION OF OFFICERS
- III. APPROVAL OF MINUTES
 - a. December 19, 2012 – Regular Board Meeting
- IV. PUBLIC COMMENT:
 - a. Public Comments
 - b. Employee Comments
 - c. PAGGMA Association
- V. GENERAL MANAGERS REPORT
- VI. REPORTS:
 - a. List – Federal Grant & Local Funding Programs
 - b. Finance Report
 - c. Operations Productivity Report
 - d. Property Leasing/Port Development
 - e. Marina Report
 - f. Procurement Report
 - g. Safety Report
- VII. OLD BUSINESS
 - a. Cementon Micronesia
 - b. KM&T
 - c. GEDA Loan Status
 - d. Port Modernization Program – Implementation Plan
 - 1. Performance Management Contract
 - 2. Performance Management Contract for Cranes
 - e. Consultant Agreement – Owner’s Agent/Engineering Services
- VIII. NEW BUSINESS
 - a. FY2012 Financial Audit Report
 - b. FY2013 Budget Authorization
 - c. Human Resource Department
 - d. Merit Bonus
 - e. Resolution No. 2013-01 – Designation of Signatories
- IX. EXECUTIVE SESSION
 - a. Open Legal Issues
 - b. Personnel Matters
- X. ADJOURNMENT



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Eddie Baza Calvo
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**MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
Wednesday, December 19, 2012**

I. CALL TO ORDER

There being a quorum, the regular meeting of the Board of Directors was called to order at 11:45 a.m., Wednesday, December 19, 2012. Present at the meeting were:

Daniel Tydingco, Chairman
Michael Benito, Vice Chairman
Shelly Gibson, Board Secretary
Eduardo Ilao, Member
Christine Baleto, Member
Joanne M.S. Brown, Acting General Manager
Atty. Mike Phillips, Legal Counsel

Also present were Jimmy Camacho-Office of Senator Tom Ada; John Dennett-Tristar; Darleen Hiton/John Bell-Counsel's office; Thelma Hechanova-OCCAM Solutions; Felix Camacho-former Governor; George Bamba; Senator Benjamin Cruz-Guam Legislature; John Perez-Cementon Micronesia; Cristopher Flores-Latte of Freedom/CAHA; and Port Management staff.

II. APPROVAL OF MINUTES

a. **November 28, 2012:** The Vice Chairman made motion to approve the minutes of November 28, 2012 subject to correction. The motion was seconded by Mr. Ilao and was unanimously passed.

b. **December 10, 2012:** The Chairman made correction on page 3, under item 1(a). Personnel Matters, line 4 should be corrected to read "have" and not "has". This correction was made on the minutes. Without further corrections, the Vice Chairman made motion to approve the minutes of December 10, 2012 subject to correction. The motion was seconded by Mr. Ilao and was unanimously passed.

c. **December 14, 2012:** Mrs. Baleto clarified that on page 2, under item IV. Workers Compensation Insurance, line 8 should read: "Mr. John Bell, Phillips Law office said after having confirmed with Department of Labor, longshore insurance coverage is not required." This correction was made on the minutes. Without further corrections, the Vice Chairman made motion to approve the

minutes of December 14, 2012 subject to correction. The motion was seconded by Mr. Ilaio and was unanimously passed.

III. PUBLIC COMMENT

- a. **Public Comment:** None.
- b. **Employee Comment:** None.
- c. **PAGGMA Association:** Mr. John B. Santos, PAGGMA President said the association Christmas party went well and thanked the sponsors for their support.

IV. GENERAL MANAGERS REPORT

1. **Workers Compensation:** At the previous meeting, management was advised to communicate with the Port Oversight Chair on propose legislation to reduce the mandated cost of workers compensation or for the Port to continue with the self-insured method given the history of its injury claims. The General Manager said in communication with the Port Oversight Chair on December 17, 2012, it was recommended that as required by law the Port acquire workers compensation insurance at this time. The Oversight Chair would be open to the possibility of looking at self-insurance, and he wondered whether a risk management study would need to be performed. She said management could provide the Oversight Chair historical data that may address this study. The General Manager mentioned that an option was posed that perhaps the Port self-insure up to \$100K and any claims beyond that amount can be through insurance coverage comparable to Port needs. She said as the 31st Guam Legislature is concluding, the 32nd legislative body will more than likely convene mid to late February 2013 where perhaps this item can be entertained.

2. **PAG Docket No. 12-02 Crane Surcharge:** The Public Utilities Commission issued its order on the Port crane surcharge through PAG Docket 12-02. Upon management review, it was found that the \$5.00 surcharge per ton for breakbulk non-containerized cargo was inadvertently not included in the order. Public Utilities Commission has since corrected this oversight.

3. **Acting Appointments:** For Board's information, those in acting capacity are as follows: Joann Conway, Financial Affairs Controller; Carmen Nededog, Personnel Services Administrator; Eric Salas, Night Shift Supervisor for Port Police; David Esplana, Person-In-Charge Day Shift for Port Police; Raymond Munoz, Facility Maintenance Superintendent; and Anthony Aguon, Building Maintenance Supervisor.

V. REPORTS

a. **List-Federal Grant & Local Funding Programs:** Ms. Dorothy P. Harris, Chief Planner presented the following:

1. **Federal Assistance Boating Access Fund, DoAg** – repair of Docks A and B at the Hagatna marina have been completed.

2. Port Security Enhancement Project – the notice to proceed was issued to Maeda Pacific. This project includes command/control integration of security surveillance, access control, radar intrusion/detection and TWIC readers systems.

3. Port Security Grant Program – the mobile cargo and vehicle detection and screening system information for bid is anticipated to be issued by end January 2013.

Mrs. Baleto asked the status of the pump-out station at Agat marina. Ms. Harris said the application was submitted by the deadline, totaling \$90K for both Hagatna and Agat marinas.

b. **Finance Report:** A report out was made to the Board for information.

c. **Operation Productivity Report:** The operations productivity report for the month of November 2012 was presented to the Board for information. The Chairman asked whether there is increased activity with Horizon and MEL Lines alliance that was recently announced. Mr. John B. Santos, Operations Manager said the new alliance is currently being observed at this time.

d. **Property Leasing/Port Development:** Mr. Glenn B. Nelson, Commercial Manager presented the following:

1. Tristar – Finger Tip Lease and Easement Agreements: As indicated in the previous meeting, management was tasked to move forward with rate negotiations with Tristar's expired agreement since last November that is currently on a hold over status month-to-month. The Port is in receipt of the cost proposal from the Port's appraisal consultant Captain and Associates dated December 3, 2012 which is specific to appraisal services for Lot 7 amounting to \$3,250.00. This appraisal is for purposes to set the course to commence negotiations with Tristar on the expired Fingertip lease. Mr. Nelson said he will work with the General Manager in formally accepting the proposal to proceed with this tasking.

2. Proposed Cooperative Agreement with GEDA: A meeting has been set for Thursday, December 20, 2012 to further matter of finalizing a draft agreement. An after action report will be provided to the General Manager in efforts to move this initiative forward.

3. Public Utilities Commission:

i. Public Law 30-19 – Port Rent Revisit Initiative: Being presented is the fair market analysis of the Port's present day fee structure to determine current market rent for office, warehouse, and open yard ground leases pursuant to Public Law 30-19. This report provides a Summary Appraisal and Consulting Report prepared by the Port's Appraisal Consultant dated November 30, 2012 and based on this study an abstract of the possible impact to the Port's current rate structure are as follows:

- Office Space \$1.41/ft² – current rate \$1.63, a decrease of 22%.
- Warehouse Space \$0.70/ft² – current rate \$0.76, a decrease of 6%.
- Open Space \$0.47/ft² – current rate \$0.39, a decrease of 7%

Mr. Nelson said this represents an overall reduction of 12% or minus \$89,705.22 in rent. He mentioned that Public Law 30-19 further provides a mechanism that if the assessment is less than the existing fee structure, a 10% increase over previously charged rate can be applied which brings a plus of \$72,124.00 annually. Mr. Nelson also made note that as Public Law 30-19 precedes Public Law 30-52 that provides the Public Utilities Commission (PUC) oversight of the Port's rate setting authority, is unclear how PUC will address this issue. He requested for Board approval to adopt the findings as presented in order to transmit same to PUC for consideration. The Vice Chairman understands that the rent mechanism is based on whichever is greater would apply. Mr. Nelson replied that would normally be the case, however as PUC is vested the authority over Port rates, it is unknown what their action would be. He assured the members that once the Board approves the study, it will be the position of the Port to apply the 10% when transmitting to PUC. The Chairman asked whether Board action is required at this time. Mr. Nelson said Public Law 30-19 calls for a tri-annual assessment no later than the second quarter of the fiscal year. As it is still within the first quarter, Board action is not immediate. In the meantime, the Chairman asked the General Manager to look into this matter further. The General Manager mentioned that she will also seek clarification from legal counsel on the jurisdiction of PUC and impact to the Port relative to rates.

The Chairman provided Mr. Nelson with Marianas Yacht Club lease with the Port and indicated that Marianas Yacht Club is interested in commencing negotiations as the lease is soon to expire. Mr. Nelson informed the Board that this lease is as a result of legislative action by former Senator Michael Reidy back in 1991 providing \$100.00 annually in rent for one acre lot.

e. **Marina Report:** Mr. Nelson said the Department of Agriculture is currently working on the proposed rule in order to begin the administrative adjudication process to amend their law. This is for purposes to enable the Port's fishing initiative at Hagatna marina.

Mrs. Baleto asked whether the trash bin in Agat marina is secured with a fence to prevent others from dumping at the site aside from the marina tenants. Mr. Nelson said as the budget has recently been approved, management is working to identify funds for that purpose.

f. **Procurement Report:** Mrs. Alma B. Javier, Procurement Manager reported on the following:

- Requisitions pending at the General Services Agency (GSA) includes: compressors for the Administration Building air-con; mobile cargo and vehicle detection/screening system; and the workman's compensation insurance bid.
- No construction bids at this time.
- RFP No. 12-003 Performance Management Services for Port Cranes: Still in cost negotiations with the selected offeror, Marine Technical Services.
- The POLA crane acquisition signing ceremony will be held tomorrow at the Port.

The Chairman asked whether the signing ceremony can be held crane side in the terminal yard. The General Manager said that was discussed, however from an operational standpoint and the security clearance required may be difficult. She mentioned that the area of where the ceremony will be held is outside the Board room where the cranes are visible.

The Chairman understands that the Administration Building has been without air-con since July 2012 and directed management to follow up with GSA. The General Manager said she will schedule a meeting with GSA on this issue. The Chairman also understands that operations personnel are without drinking water. The General Manager mentioned that that has since been resolved and will visit operations with the Operations Manager.

g. **Safety Report:** Mr. Francisco C. Roberto, Safety Administrator said for the month of November 2012 to present there are no accidents. The Chairman advised Mr. Roberto to ensure the General Manager is provided with safety shoes for her walk-thru of the terminal yard.

VI. OLD BUSINESS

a. **Cementon Micronesia:** Legal Counsel said Mobil regional counsel is requesting for a working copy of the latest proposal from Cementon Micronesia. This may be for Mobil to provide an alternative or counter-offer. He mentioned that there still may be issues with the insurance coverage of \$5M or \$25M coverage. The Vice Chairman asked whether Cementon Micronesia is aware of the \$25M insurance coverage. Legal Counsel said the \$25M is Mobil's earlier position and he believes that Cementon presented \$5M or \$10M and understands that Cementon has not accepted the \$25M.

The Chairman asked the status of the motorized operational valves. Mr. Simeon Delos Santos, Engineer Manager said the specifications and design is expected to be completed soon and may be able to issue the bid latter part of December 2012. The Chairman advised the General Manager to add this item as part of her discussions with GSA.

b. **KM&T:** Mr. Nelson said he has been tasked to resume communications with Mr. Albert Tsutsui, KM&T representative and KM&T is requesting for Port to meet with Navy regarding their particular project. He said prior to meeting with Navy officials, Mr. Nelson said he will further engage Mr. Tsutsui on KM&T's proposal as the Navy may present queries on KM&T's activities.

c. **GEDA Loan Status:** Mrs. Javier said GEDA has selected an offeror, Bank of Guam. Negotiations have been entered into and Bank of Guam was to present the final conditions to GEDA. Once received, GEDA will present this bid to their Board of Directors for approval.

d. **Port Modernization Program-Implementation Plan:** Mr. Santos said the technical development team of the Port modernization program meets on a weekly basis. Projects underway are the CFS build-out where the notice to proceed will be around January 2013, afterwards the demolition of Warehouse II. A ground breaking ceremony is slated for January 2013. He mentioned that the carriers have been informed on the developments of the modernization program.

VII. NEW BUSINESS

a. **Resolution No. 2012-25 – POLA Crane Loan Documents:** The Vice Chairman made motion to approve Board Resolution No. 2012-25 relative to authorizing the execution of the transactions and delivery of the loan documents by and between Port Authority of Guam and ANZ Bank, subject to including a 'whereas clause' on the approval of the crane surcharge by the Public Utilities Commission. Motion was seconded by Mrs. Baletto and was unanimously approved.

VIII. EXECUTIVE SESSION

RECESSED: Meeting recessed at 12:25 p.m.

RECONVENED: The meeting reconvened at 12:30 p.m.

At this time, the Board went into executive session. Executive Session ended at 2:20 p.m. The Board is now back in regular meeting session.

Items addressed in executive session includes:

(Note: After the conclusion of this meeting, the Executive Session tape (one cassette) was turned over to the General Manager Joanne Brown.)

Ms. Gibson made motion that on behalf of the Board of Directors to designate Ms. Joanne M.S. Brown as the permanent General Manager of the Port Authority of Guam effective December 19, 2012. Motion was seconded by the Vice Chairman and was unanimously approved.

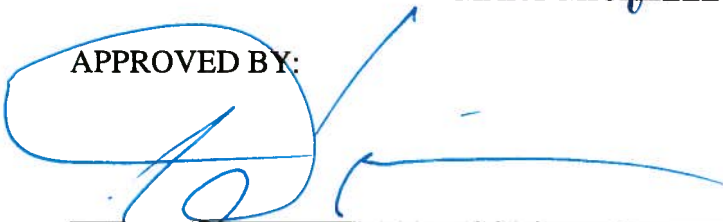
IX. ADJOURNMENT

There being no further business to discuss, it was moved by the Vice Chairman and seconded by Mrs. Baletto to adjourn the meeting at 2:22 p.m. The motion was unanimously passed.



MARY MICHELLE GIBSON, Board Secretary, Board of Directors

APPROVED BY:


DANIEL J. TYDINGCO, Chairman, Board of Directors



Port Authority of Guam
Board of Directors

January 31, 2013

RE: Agat Marina

In a continuing effort to keep the Board abreast of developments, and plans for the Agat Marina repair and maintenance I present the following updated report.

Attached please find most recent drawings detailing a proposal to remove B dock from the Agat Marina. This would free up space to accommodate more 40 to 60 ft boats. Boats of this size must stay in the water, as trailering is impracticable.


Removal of B dock will reduce maintenance costs.

Removal of B dock will still leave the marina with a capacity of nearly 100 boats. Still well above any recorded occupancy.

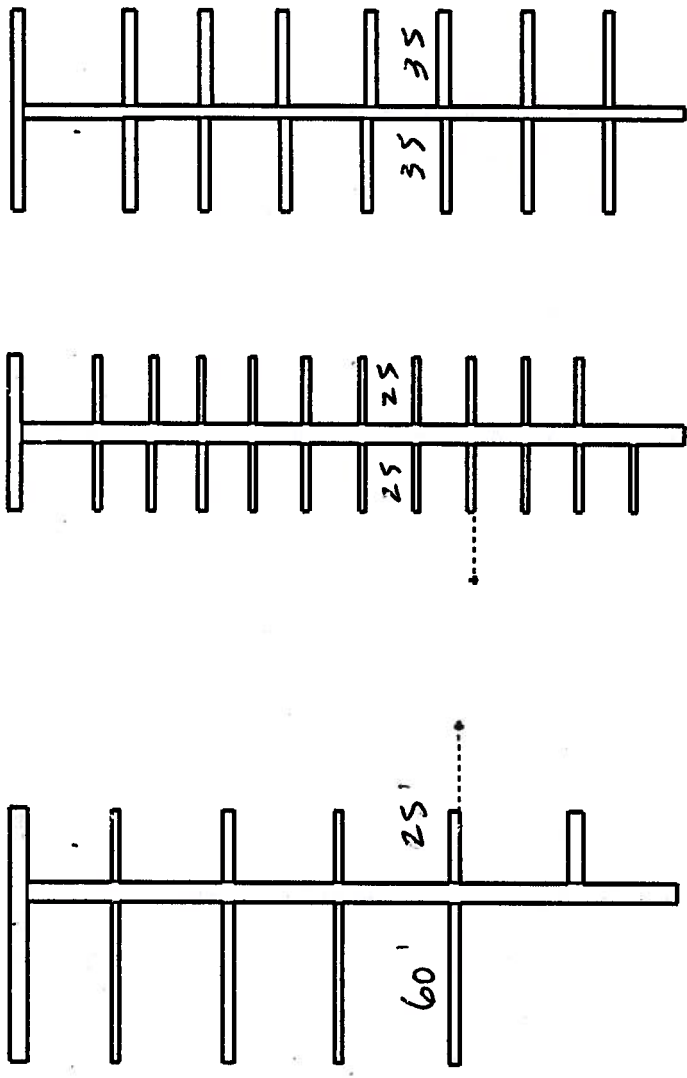
I have been working with Glenn Nelson on a plan to use defective, or reject Concrete Power Poles laid end to end, and stacked 5 or 6 high to create a North End Breakwater. (See attached drawing)

We continue to battle rotted wood, hazardous electrical, and security problems.

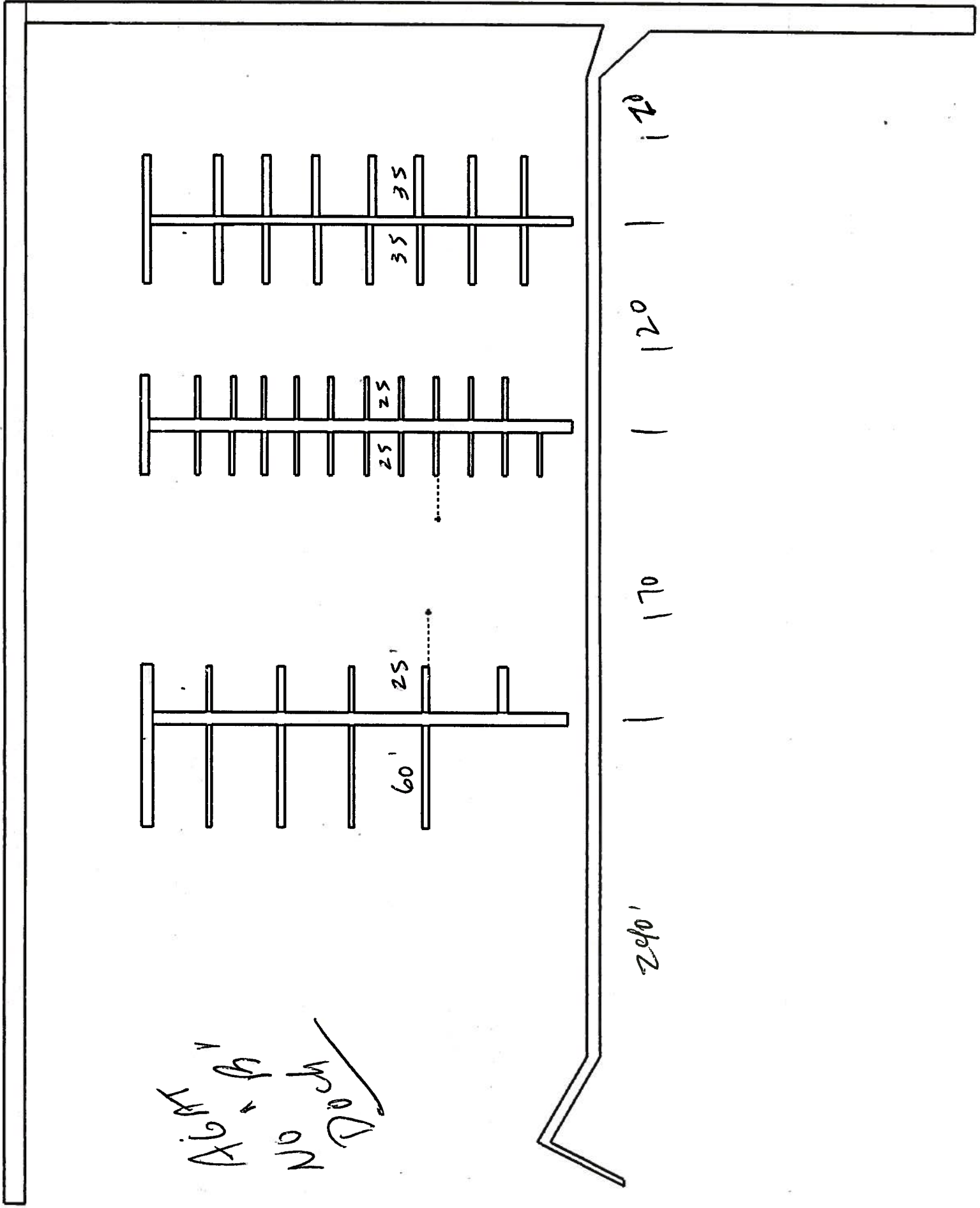
Respectfully Submitted,


Wayne Baumunk
D Dock Representative
671-646-4895
crmcsrvc@teleguam.net

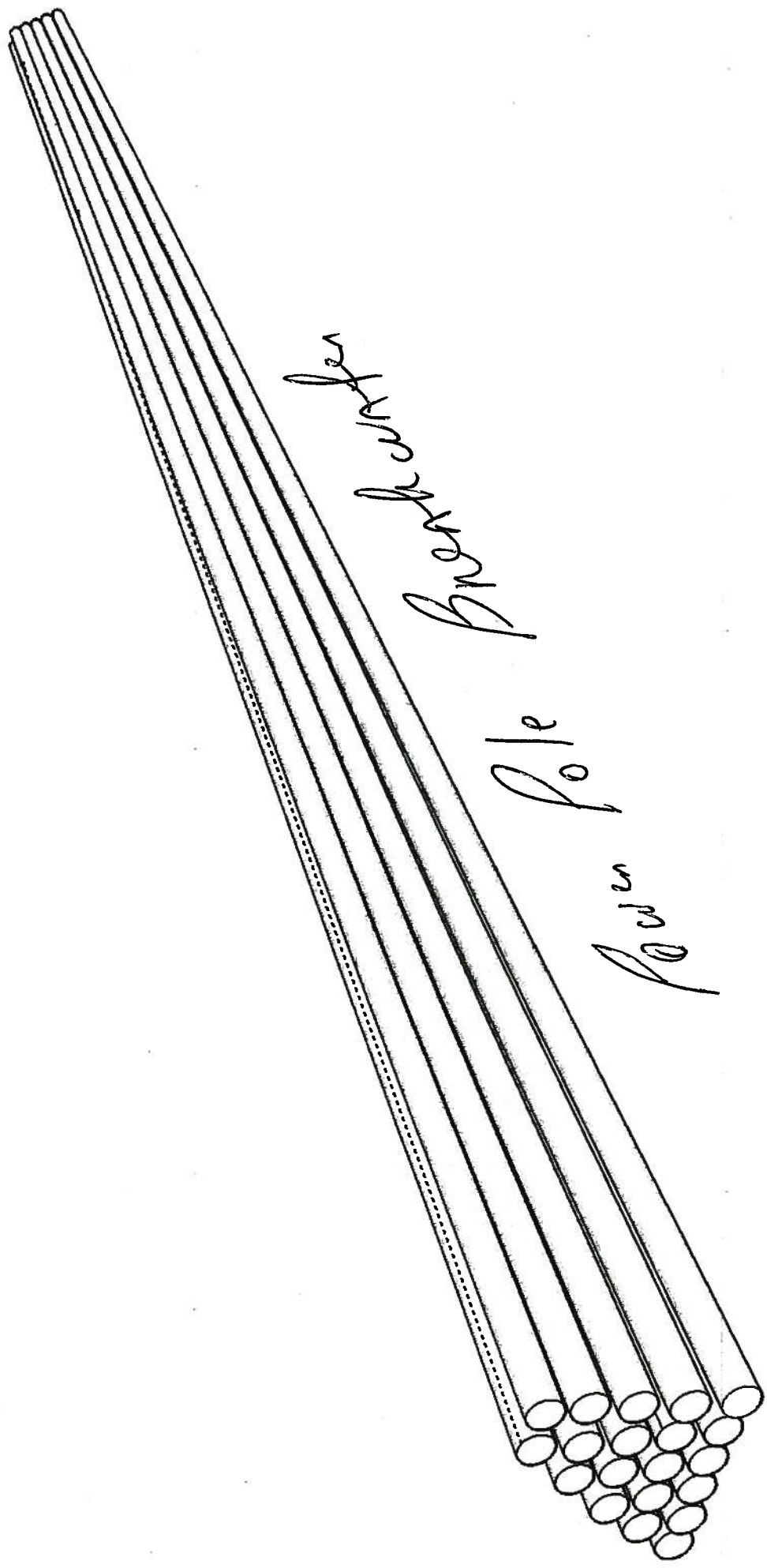
Door
No. 10
Apt. 10



20' | 170 | 120 | 120



West
fund

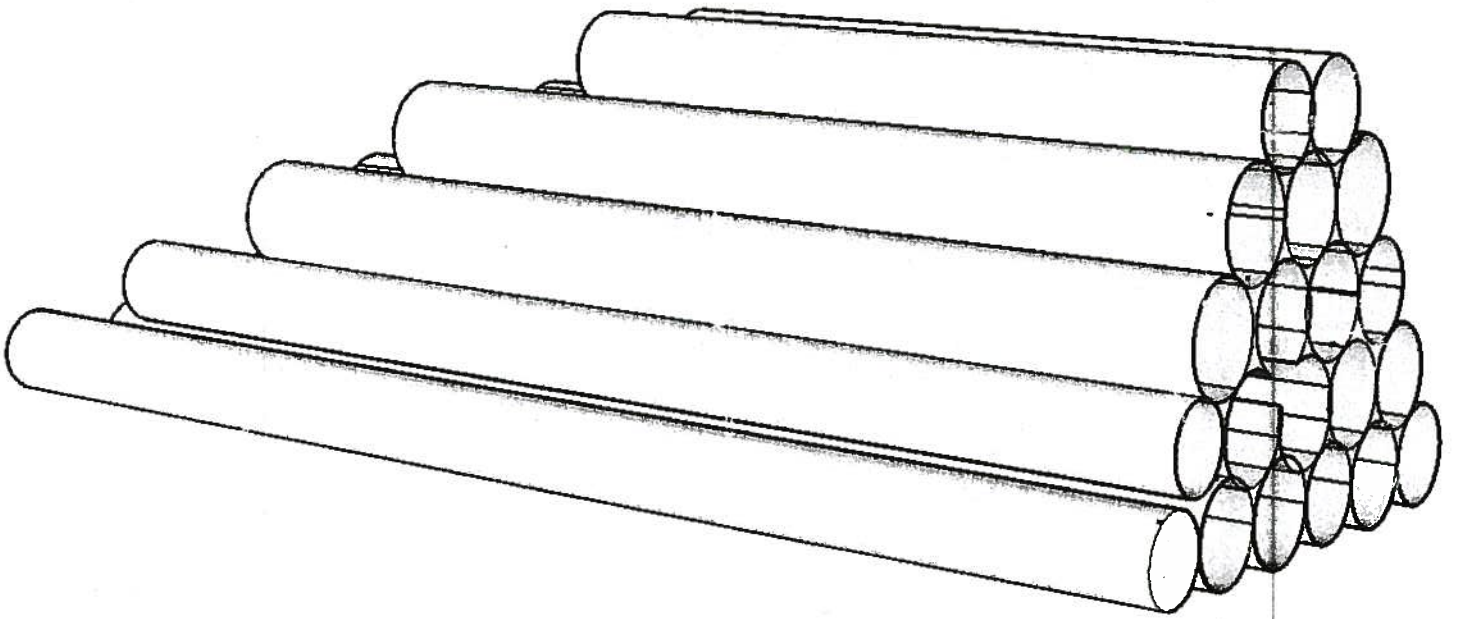


breakwater

pole

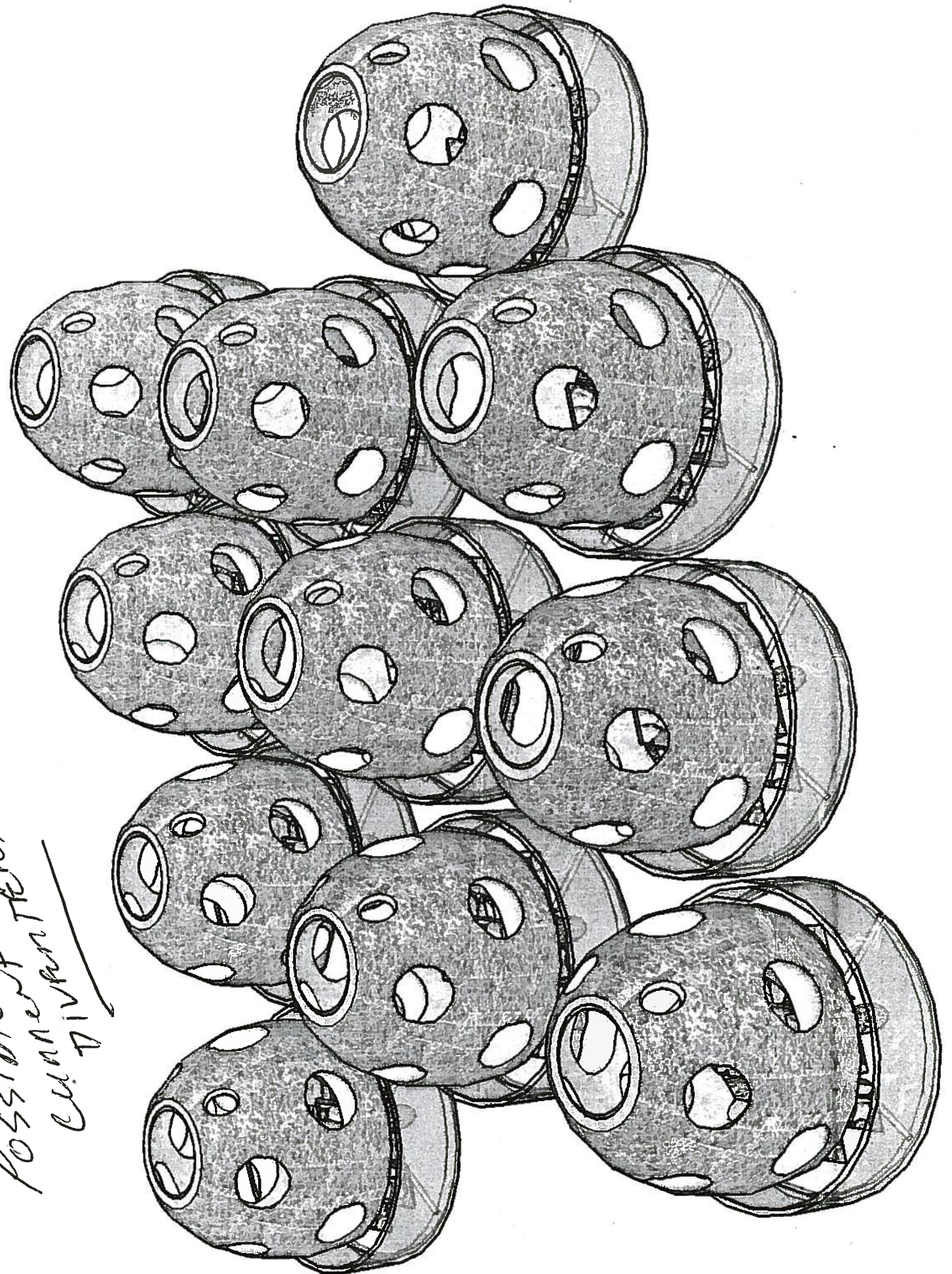
power

JANZ
fund



Power Pole
Breakwater

Possible
Component
Tens



General Manager's Report

Board of Directors Meeting – January 31, 2013

Informational Briefing – Port Authority of Guam

The Port received a letter dated January 22, 2013 from the Oversight Chair, Committee on Public Safety, Infrastructure & Maritime Transportation providing notice of an Informational Briefing of the Port slated for March 5, 2013. Issues to be addressed include: Status of Port Modernization; Crane Maintenance and Status of Gantry 3; PAG Facilities and Infrastructure, Fuel Lines and F-5 Structure; Gulf Pier vis-à-vis Cementon and Hotel Wharf Geotechnical Study and Availability.

Office of Economic Adjustment Visit

On January 24, 2013, management met with Gary Kuwabara, OEA as well as Jeff Peck, Port OAE Consultant to discuss the modernization program and OEA grant.

General William M. Fraser, III Visits Port

PAG conducted a presentation and tour for General Fraser, Commander, U.S. Transportation Command on January 25, 2013 as well as held a tour of port terminal yard. General Fraser is manager for global air, land and sea transportation for the U.S. Department of Defense. The presentation addressed areas of facility constraints, capacity, cargo statistics, port significance to the region, impact due to military buildup, capital improvement projects and terminal layout.

rSIAS Interview (Revised Socioeconomic Impact Assessment Study)

Supplemental Environmental Statement

On January 25, 2013 PAG Management was called to an interview at the Governor's office to meet with Caroleen Toyama, NavFac Pacific.

Maritime Administration Visit

Management met with MARAD representatives, Joel Szabat, Executive Director and Brian Varney, Director of Pacific Gateway Office on January 29, 2013 to briefly discuss the modernization program progress.

Ground Breaking Ceremony

The Port held a Ground Breaking Ceremony on January 30, 2013 for the Guam Commercial Port Improvement Program. Improvements include: container freight station building modifications; break bulk yard expansion, 4.6 acre container yard expansion and gate house renovation.

Bill No. 7-32

An Act to Add a new §80105(i) to Chapter 80 of Title 21, Guam Code Annotated, Relative to the transfer of property under the jurisdiction of the Port Authority of Guam to the jurisdiction of the Guam Ancestral Lands Commission.



Senator Thomas C. Ada

Chairman - Committee on Public Safety, Infrastructure & Maritime Transportation
I Mina'trentai Dos Na Liheslaturan Guåhan • 32nd Guam Legislature

January 22, 2013

1/22/13
RECEIVED

Daniel J. Tydingco
Chairperson, Board of Directors
Port Authority of Guam
1026 Cabras Highway, Suite 201
Piti, Guam 96915

Subject: Notice of Information Briefing

Hafa adai, Mr. Tydingco,

Please be advised that the Committee on Public Safety, Infrastructure and Maritime Transportation has scheduled an **Information Briefing** to be conducted on **Tuesday, March 5, 2013, at 6:00pm** in the **Public Hearing Room of I Liheslaturan Guåhan**.

The Information Briefing will address issues and concerns relative to:

1. **Status of Port Modernization**
2. **Crane Maintenance and Status of Gantry 3**
3. **PAG Facilities and Infrastructure, Fuel Lines and F-5 Structure**
4. **Gulf Pier vis-à-vis Cementon**
5. **Hotel Wharf Geotechnical Study and Availability**

The Committee requests a presentation, using a PowerPoint, be provided by the PAG to address the aforementioned issues and concerns. Such presentation should be no longer than forty five (45) minutes. The presentation will be followed by a Q&A period for Committee members. I am also requesting that the PAG provide the PowerPoint presentation in advance to my office for review **no later than 5:00pm, Monday, March 1, 2013**.

Please do not hesitate to contact Mr. Jimmy T. Camacho from my office at 473-3301 should you have any questions.

Senseramente,

THOMAS C. ADA

cc: The Port Authority of Guam Board of Directors



I Mina'trentai Dos na Liheslaturan Guahan
32nd GUAM LEGISLATURE

Senator Vicente (ben) Cabrera Pangelinan

Committee on Appropriations, Public Debt, Legal Affairs, Retirement, Public
Parks, Recreation, Historic Preservation, and Land

1-28-13
RECEIVED

January 25, 2013

Ms. Joann Brown
General Manager
Port Authority of Guam
1026 Cabras Highway, Suite 201
Piti, Guam

Re: Public Hearing Notice

Hafa Adai Ms. Brown,

The Committee on Appropriations, Public Debt, Legal Affairs, Retirement, Public Parks, Recreation, Historic Preservation, and Land will conduct a public hearing beginning at **9:00am, on Friday, February 1, 2013** at the Guam Legislature's Public Hearing Room. The following is the agenda:

Bill No. 7-32 (COR): An Act to Add a new §80105(i) to Chapter 80 of Title 21, Guam Code Annotated, Relative to the transfer of property under the jurisdiction of the Port Authority of Guam to the jurisdiction of the Guam Ancestral Lands Commission.

This letter invites you to provide written and/or oral testimony. Please do not hesitate to contact me should you have any questions or comments.

Testimonies can delivered to our office at 324 West Soledad Avenue in Hagåtña or at the Mail Room of the Guam Legislature, via fax at 473-4238, or via email at senbenp@guam.net prior to the public hearing. For copies of the bills, log on to: <http://guamlegislature.com> or www.senbenp.com

Si Yu'os Ma'ase,

Vicente (ben) Cabrera Pangelinan
Senator

324 West Soledad Avenue
Suite 101, Hagåtña, GU 96910
Tel: (671) 473-4236 / 473-4237
Fax: (671) 473-4238
E-mail: senbenp@guam.net

I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN
2013 (FIRST) Regular Session

Bill No. 7 -32 ()

Introduced by:

Judith T. Won Pat, Ed. D.

2013-11-03 AM 8:06
Oh

AN ACT TO ADD A NEW §80105 (i) TO CHAPTER 80 OF TITLE 21, GUAM CODE ANNOTATED, RELATIVE TO THE TRANSFER OF PROPERTY UNDER THE JURISDICTION OF THE PORT AUTHORITY OF GUAM TO THE JURISDICTION OF THE GUAM ANCESTRAL LANDS COMMISSION.

1 **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2 **Section 1. Legislative Findings and Intent.** *I Liheslatura* finds that
3 certain ancestral lands in the municipalities of *Piti, Sumay* and *Agat* were
4 condemned under Civil Action No. 5-49 by the Naval Government of Guam
5 creating the Apra Harbor Reservation Boundary. Eventually, the United States
6 quitclaimed portions of the Apra Harbor Reservation to the Government of Guam
7 in December 1984 containing certain parcels, with eventual transfer to the
8 Commercial Port of Guam, now known as the Port Authority of Guam (PAG), for
9 development. In formal conferences and legislative session meetings between the
10 PAG and *I Liheslatura* (the Legislature), it has been stated by the PAG board,
11 management, and personnel that the PAG *does not* have any future plans for the
12 development or use of certain portions of the parcels under their jurisdiction.

13 Therefore, *I Liheslatura* intends to transfer such land parcels and properties
14 to the Guam Ancestral Lands Commission, so that the Guam Ancestral Lands

1 Commission *can and shall* proceed with the return of such land parcels and
2 properties to the original landowners or their estates, pursuant to the Commission's
3 enabling legislation and mandates.

4 **Section 2.** A new §80105(i) is hereby *added* to §80105 of Chapter 80,
5 Title 21, Guam Code Annotated, to read as follows:

6 "(i) Portions of Parcel 1 South of Route 18 and contiguous to the
7 North of Apra Harbor Parcel 6, also abutting Marine Corps Drive on the
8 east, specifically original lot: No. 127 PI, originally owned by the Estate of
9 Maria Salas San Nicolas, Antonia Salas San Nicolas, Carlina San Nicolas
10 Rapolla, Joaquin S. San Nicolas , Juan S. San Nicolas, Maria S.-CI# 8383,
11 San Nicolas, Dolores Wusstig San Nicolas, Rosario San Nicolas Iriarte,
12 Consolacion S. San Nicolas, Ignacia San Nicolas Afleje, Dolores C. San
13 Nicolas, and Ana San Nicolas Sanford, in the municipality of *Piti*. The
14 property *shall* be transferred and *shall* be deeded to the Guam Ancestral
15 Lands Commission within thirty (30) days of the effective date of this Act.
16 The Guam Ancestral Lands Commission *shall* within one hundred eighty
17 (180) days dispose of the land parcel and lot transferred by this Act in a
18 manner consistent with and pursuant to its enabling legislation and its
19 mandates. All pre-condemnation roads, easements and bull cart trails *shall*
20 remain as easements for public access and utilities. The transferred property
21 *shall* be zoned "A" – Agricultural zone."

22 **Section 3.** The Department of Land Management *shall* plot, plan, design,
23 and provide within sixty (60) days of enactment an aerial overlay map delineating
24 all roads, easements, bull-cart trails, and public access as to determine such access
25 or easements' location in relation to the return subject Lot so that *no* Lot is
26 landlocked. The overlay *shall* show all original Lot lines generally.

1 **Section 4. Severability.** *If* any of the provisions of this Act or the
2 application thereof to any person or circumstance is held invalid, such invalidity
3 *shall* not affect any other provision or application of this Act which can be given
4 effect without the invalid provision or application, and to this end the provisions of
5 this Act are severable.

FEDERAL GRANT/LOANS & LOCAL FUNDING PROGRAMS
FY2012 Port Modernization Plan
Grant Strategy - Monthly Update

As of January 18, 2013

Summary Sheet of Funding/Financing

	On-hand	Expenditures	Remaining Balance	NOTES
Port Modernization				
Loans	\$ 39,000,000.00	\$ 12,000,000.00	\$ 27,000,000.00	For Gantry Cranes & Port Modernization Program
Grants	\$ 64,926,816.94	\$ 16,795,248.43	\$ 48,131,568.51	\$48.5M Port Enterprise Fund
Security	\$ 9,338,705.28	\$ 2,494,181.58	\$ 6,843,030.75	
Marinas	\$ 3,984,106.00	\$ 311,147.26	\$ 3,672,958.74	
Grand Totals:	\$ 117,249,628.22	\$ 31,600,577.27	\$ 85,647,558.00	

Applications/Approvals Pending

		NOTES
Port Modernization	\$ 10,000,000.00	GEDA/Local Lender for Wharf SLE
Security	\$ -	
Marinas	\$ 161,000.00	
Grand Totals:	\$ 10,161,000.00	

STRATEGIC PLANNING DIVISION - FEDERAL GRANT/LOANS & LOCAL FUNDING PROGRAMS
 FY2013 Port Modernization Plan
 Grant Strategy - Monthly Update

AS OF January 18, 2013

I. Port Modernization

ITEM	LOAN #	PROJECT NAME	Federal or Local Agency	Notice to Proceed	% Completed	Award Date / End Date	Award Amount	Draw Down Approved	Remaining Balance	STATUS:
FY2006-01	ANZ Guam Inc., Guaranteed Loan	Purchase & install New/Used Gantry Cranes	ANZ Guam Inc., Guaranteed	9/29/2006	100.0%	9/29/2006 - 9/29/2011 Extension 3/31/2012; Extension requested until 9/30/2012	\$ 5,000,000.00	\$ 5,000,000.00	\$ -	Signed & Closed December 20, 2012
FY2006-02	USDA Direct Loan	Purchase & install New/Used Gantry Crane to replace an inoperable Gantry Crane	USDA RD CF Direct Loan	9/29/2006	0.0%	9/29/2006 - 9/29/2011 Extension 3/31/2012; Extension requested until 9/30/2012	\$ 2,000,000.00	\$ -	\$ 2,000,000.00	CLOSED
FY2006-03	ANZ Guam Inc., Guaranteed Loan	Procurement of 2nd Brand New/Used Gantry Crane	ANZ Guam Inc., Guaranteed	8/20/2007	100.0%	8/20/2007 - Extension requested until 9/30/2012	\$ 7,000,000.00	\$ 7,000,000.00	\$ -	Signed & Closed December 20, 2012
FY2010-02	USDA Direct Loan	Port Modernization Plan	United States Department of Agriculture Communities Facilities Program (USDA CF)	10/22/2010	0.0%	10/22/2010 - 10/22/2015	\$ 25,000,000.00	\$ -	\$ 25,000,000.00	Uplands
							\$ 39,000,000.00	\$ 12,000,000.00	\$ 27,000,000.00	

GRAND TOTAL LOANS FOR MODERNIZATION:

ITEM	GRANT #	PROJECT NAME	Federal or Local Agency	Notice to Proceed	% Completed	Award Date / End Date	Award Amount	Draw Down Approved	Remaining Balance	STATUS:
FY2008-01	GUAM-CIP-2009-3, GR # pending	Engineering Analyses and Consultations Project for the Jose D. Leon Guerrero Commercial Port Modernization	Department of Interior, Office of Insular Affairs (DOI/OIA)	09/03/09	98.5%	9/01/09 - 9/01/14	\$ 1,000,000.00	\$ 989,187.82	\$ 10,812.18	

FY	Agency/Program	Project Description	Start Date	End Date	Completion %	Start/End Dates	Amount	Amount	Amount	Amount	Amount	Amount	Notes
FY2009-01	GUAM-CP-2009-1, GR0706-04	Preliminary Engineering & Environmental Studies for the IDLG Commercial Port Facilities	06/22/09		98.0%	3/18/2009 - 3/18/2014	\$ 1,960,048.19	\$ 2,000,000.00	\$ 39,951.81				
FY2009-02	GR0706-08-02-08-01	1. Implementation Plan Project No. GR0706-08-02-08-01 MOU Sub-Grantee 2 Protocol Manual	11/13/08		93.6%	11/14/2008 - 9/30/2010, extended to 09/30/2011, extended to 09/31/2012, CLOSED.	\$ 509,460.00	\$ 544,500.00	\$ 35,040.00				CLOSED. Remaining grant balance reimbursed to General Fund. (6/21/10 memo)
FY2009-03	07-79-06339	Environmental Assessment & A/E Design of Proposed Wharf Modernization of F5, F6, F7 and Container Yard	04/30/09		100.0%	4/30/2009 - 4/30/2011, CLOSED	\$ 1,887,316.94	\$ 1,887,316.94	\$ -				CLOSED
FY2009-04	GR0706-09-04	Guam Military Complex - Port Fact Finding	05/01/09		100.0%	06/08/10 - 12/31/10, extended to 9/30/2011, CLOSED.	\$ 1,999,819.00	\$ 2,000,000.00	\$ 181.00				CLOSED
FY2009-05	GR0706-09-08	Port Terminal Preliminary Design, Performance Management Services, Benchmarks and Legislative Approval	06/01/09		95.1%	06/01/09-12/31/10, extended to 9/30/2011, extended to 09/31/2012, CLOSED.	\$ 965,837.24	\$ 975,000.00	\$ 9,162.76				CLOSED. Reprogramming request for remaining balance was denied. Funds reverted back to grantor.
FY2010-01	Port Enterprise Fund	Port Modernization Plan. (Transfer from DOD to DOT)	09/22/10		4.8%	9/22/2010 - 9/22/2015	\$ 2,310,670.57	\$ 48,500,000.00	\$ 46,189,329.43				Transferred to the Port Enterprise Fund on 09/22/2010; As of 2/27/2012 dashboard Total Transferred to Project \$50M; Total for Contracts \$48.5M; Total for MARAD Admin \$1.5M, EA Engineering \$2,037,751.02; Pending Contract Obligations \$272,919.55 for TO 007 Prog Mgmt Support, 8/1/2012 Dashboard Total \$5.3
FY2010-02	CLOSED	Procurement of Cargo Handling Equipment	08/20/07		100.2%	8/20/2007, CLOSED	\$ 3,505,986.00	\$ 3,500,000.00	\$ 15,986.00				4 TLLs (2,590,686) 10 Tractors (907,300) USDA Letter of Commitment assigns the \$4.5M to ANZ, however, loan closing documents to date total \$5.3
FY2010-03	GR0706-10-10	Project Controls and Program Accountability Services	10/01/10		62.9%	10/1/2010 - 9/30/2012, Extension approved until 9/30/2013.	\$ 472,036.69	\$ 750,000.00	\$ 277,963.31				TO 12 held in abeyance. Grant extension approved until September 30, 2013.
FY2010-04	Guam-GI-2010-1	Implementation of Programs and Projects Relevant to the Port Modernization Program	10/25/10		88.6%	9/28/2010 - 9/28/2015	\$ 1,772,353.54	\$ 2,000,000.00	\$ 227,646.46				\$3,217,483 pending reimbursement from DOI/DOA.
FY 2011-01	GR0706-11-12	Owner's Agent Engineer Support Services			31.6%	4/01/2011 - 3/31/2012, Extension approved - 01/31/2014.	\$ 622,532.44	\$ 1,970,000.00	\$ 1,347,467.56				\$124,475.89 pending reimbursement from DEA.

GRAND TOTAL GRANTS FOR MODERNIZATION: \$ 64,926,816.94 \$ 16,795,248.43 \$ 48,131,568.51

ITEM	GRANT #	PROJECT NAME	Federal or Local Agency	Notice to Proceed	% Completed	Award Date / End Date	Requested Amount	Draw Down Approved	Remaining Balance	STATUS:
FY 2013	PROPOSED LOAN/BOND	Wharf Service Life Extension (SLE)	GEDA/Local Lender				\$ 10,000,000.00			PAG working with GEDA on loan financing options for wharf SLE.

GRAND TOTAL FOR MODERNIZATION PENDING:
\$ 10,000,000.00

II. SECURITY

ITEM	GRANT #	PROJECT NAME	Federal or Local Agency	Notice to Proceed	% Completed	Award Date / End Date	Award Amount	Draw Down Approved	Remaining Balance	STATUS:
FY2007-01	2007-GB-T7-0437	Three (3) Trailer able Fire Pumps w/Monitor Units	The Department of Homeland Security Office of Grants and Training (DHS OG&T)	Purchase Order was issued during 2nd quarter of FY2010.	100.0%	10/01/2007 6/30/2012 (close out reporting period 09/30/12)	\$ 540,000.00	\$ 540,000.00		Final Close Out CAPR and FSR were submitted to US DHS/FEMA and was subsequently approved. Grant is now in grant file and will be in storage for 3 years as federally required.
FY2007-02	2007-GB-T7-0437	Container Yard Lights	The Department of Homeland Security Office of Grants and Training (DHS OG&T)	Notice to Proceed given during 2008. However, due to the Port Modernization Plan, this project was put on hold.	100.0%	10/01/2007 6/30/2012 (close out reporting period 09/30/12)	\$ 834,016.00	\$ 834,016.00		CLOSED OUT 10/10/2012
FY2008-01	2008-GB-T8-0148	Acquisition of Interoperable Communication Equipment	The Department of Homeland Security Office of Grants and Training (DHS OG&T)	Notice to Proceed was given in early 2009.	99.7%	08/01/2008 01/31/2013	\$ 573,693.97	\$ 571,826.44	\$ 1,867.53	Request for Extension through June 30, 2013 was submitted to US DHS/FEMA on Nov. 16, 2012.
FY2008-02	2008-GB-T8-148	Comprehensive Port Wide Video Surveillance System	The Department of Homeland Security Office of Grants and Training (DHS OG&T)	Notice to Proceed given in early 2009.	0.0%	08/01/2008 01/31/2013	\$ 556,326.69	\$ 57,524.16	\$ 498,802.53	Request for Extension through June 30, 2013 was submitted to US DHS/FEMA on Nov. 16, 2012.
FY2009-02	2009-PU-T9-0043	U 2: Access Control/Secured Credentialing System with TWIC Reader Capability	PSGP	03/01/10	5.1%	2/2009 10/31/12	\$ 622,811.62	\$ 31,811.78	\$ 590,999.84	Request for Extension through December 31, 2013 was submitted to US DHS/FEMA on Sept. 10, 2012.
FY2009-03	2009-PU-T9-0043	U 3: Communication Duct Bank Work (formerly Radar/Intrusion Detection System)	PSGP	03/01/10	1.7%	2/2009 10/31/12	\$ 600,832.50	\$ 10,000.00	\$ 590,832.50	Request for Extension through December 31, 2013 was submitted to US DHS/FEMA on Sept. 10, 2012.
FY2009-04	2009-PU-RL-0164	Renovation/Upgrade of Existing Port Police Building to Serve as the PAG's Maritime and Port Security Operations Center	President's ABRA Supplemental PSGP	04/12/10	17.6%	09/2009 02/28/13	\$ 910,593.50	\$ 160,539.45	\$ 750,054.05	Request for Extension through Feb. 28, 2013 was submitted to US DHS/FEMA on Dec. 04, 2012.
FY2009-05	W090280-003	To acquire a new fully equipped Emergency Response Vehicle	Guam Homeland Security Office of Civil Defense	08/20/10	100.0%	9/20/2010 07/31/12 (CLOSED)	\$ 50,000.00	\$ 50,000.00		CLOSED OUT 11/07/2012
FY2010-01	2010-PU-TD-0080	U 1: Command and Control Integration of CCTV Security Surveillance, Access Control/Secured Credentialing, Radar Intrusion/Detection, and TWIC Readers Systems.	PSGP	02/10/11	10.6%	06/01/10 05/31/13	\$ 2,257,500.00	\$ 238,463.75	\$ 2,017,543.30	Design and Permitting NTP was issued to MAEDA Pacific. Two pre-planning meetings have been conducted since then (Design and IT) to start coordination process.
FY2011-01	EMW-2011-PU-00200-S01	U3: Upgrade of Emergency Back-up Generators to Support Maritime and Port Security Management and Operations	PSGP	09/01/11	0.0%	09/01/2011 08/31/2014	\$ 867,141.00	\$ -	\$ 867,141.00	Final specifications have been completed by Planning and Facility Divisions. Anticipated let out date: March 2013.
FY2011-02	EMW-2011-PU-00200-S01	U2: Mobile Cargo and Vehicle CBRNE Detection and Screening System	PSGP	09/01/11	0.0%	09/01/2011 08/31/2014	\$ 1,525,790.00	\$ -	\$ 1,525,790.00	Bid specifications have been submitted to GSA. Currently working with them to finalize details of IFB. Anticipated let out date: early February 2013.

GRAND TOTAL FOR SECURITY:
\$ 9,338,705.28 \$ 2,494,181.58 \$ 6,843,030.75

III. MARINAS

ITEM	GRANT #	PROJECT NAME	Federal or Local Agency	Notice to Proceed	% Completed	Award Date / End Date	Award Amount	Draw Down Approved	Remaining Balance	STATUS:
FY2010-01	MOU GU-9 1.21	Repair Dock A, Dock B, Pillings, Water blasting - GDP Marina	Federal Assistance Boating Access Funds - Department of Agriculture	04/28/10	36.4%	Aug 2009 - Sept 2012 Extension APPROVED - 09/30/13.	\$ 744,106.00	\$ 271,147.26	\$ 472,958.74	Dock A Completed - Federal reimbursement totaled \$209,000. Dock B - Completed Pending reimbursement \$200,202.76. DOCKS A & B Pile Extension - Project Ongoing. DOCK C - Project Ongoing.
FY2011-01	Guam-CIP-2011.1	Gregorio D. Perez Marina Actual Renovation & Site Improvements - Phase II	Department of Interior Office of Insular Affairs (DOI/OIA)	07/23/11	0.0%	Aug 2011 - August 2016	\$ 440,000.00	\$	\$ 440,000.00	Project slated to commence March 2013
FY2011-02	GRANT	Analysis & Development of Management Regime for Small Boat Marinas	United States Department of Agriculture Rural Business Enterprise Grant (RBECE) Program	07/02/10	80.0%	Aug 2010 - Dec 2012	\$ 50,000.00	\$ 40,000.00	\$ 10,000.00	\$9,333.00 pending reimbursement.

FY2012-01	12-SFF II-01	Agat Marina "Dock A" Repairs	NOAA Commission on Fisheries	10/01/12	0.0%	Sep 11, 2012 - Sep 30, 2013	\$	250,000.00	\$	250,000.00	\$	250,000.00	PAG in receipt of \$250K advance payment. Pending site assessment by Engineering in February 2013.
FY2012-02	Guam-CIP-2012-1	Gregorio D. Perez Marina Actual Renovation & Site Improvements - Phase II	Department of Interior Office of Insular Affairs (DOI OIA)	02/22/12	0.0%	Feb 22, 2012 - Feb 22, 2017	\$	2,500,000.00	\$	2,500,000.00	\$	2,500,000.00	Project slated to commence March 2013

GRAND TOTAL FOR MARINAS:
 \$ 3,984,106.00 \$ 311,147.26 \$ 3,672,958.74

ITEM	GRANT #	PROJECT NAME	Federal or Local Agency	Notice to Proceed	% Completed	Award Date / End Date	Requested Amount	Draw Down Approved	Remaining Balance	STATUS:
PENDING FY2013-01		Harbor of Refuge Anchorage & Moorage Repair, A/E Design & Environmental Study	Dept of Ag, DAWR - Boating Infrastructure Grant (BIG) Tier I				\$ 100,000.00			Application submitted by state designated agency, Dept of Ag on September 19, 2012; Announcement of awards by March 2013. Amount reduced to \$100K for A/E Study. Future application for grant cycle FY2015 will be for actual repairs of anchorage & hardwares.
FUTURE FY2013-02		Marinas: Replace & upgrade sewage pump station	Dept of Ag, DAWR - Clean Vessel Act				\$ 61,000.00			Application submitted by state designated agency, Dept of Ag on December 5, 2012; Announcement of awards by May 2013

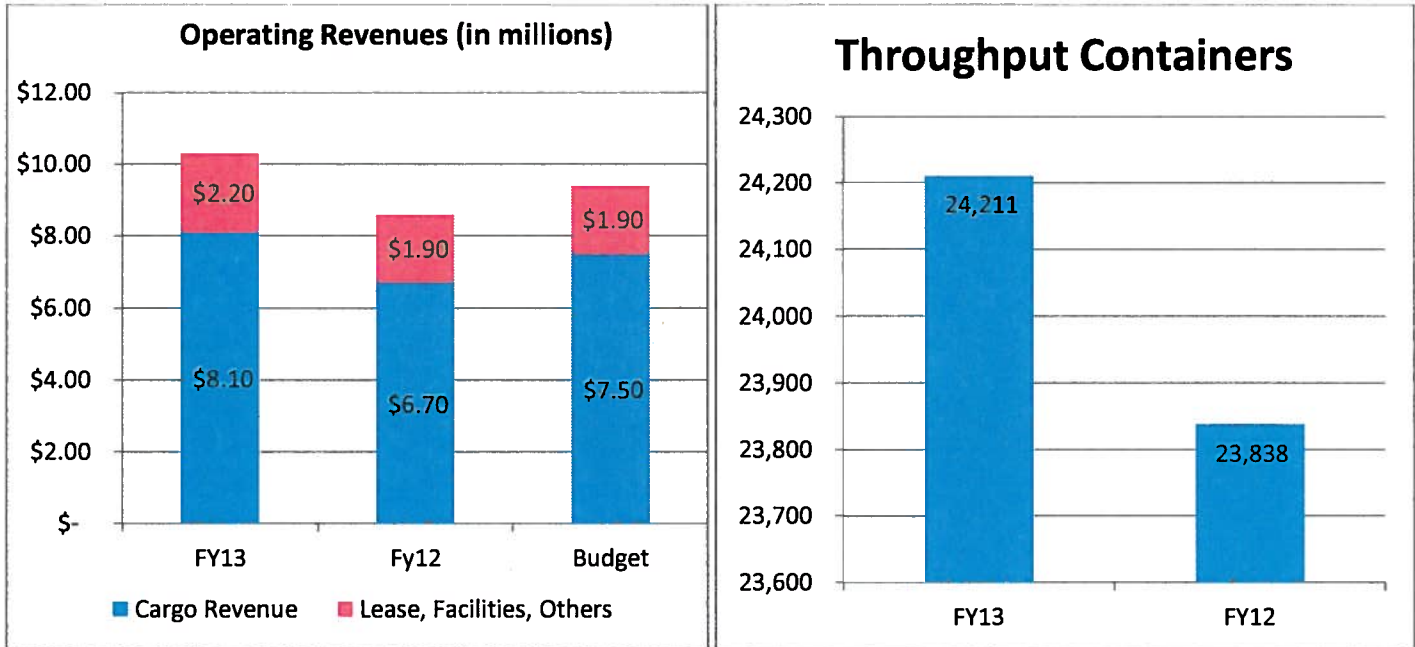
GRAND TOTAL FOR MARINAS PENDING:
 \$ 161,000.00



January 31, 2013

Financial Highlights – YTD December FY2013

Operating Performance:

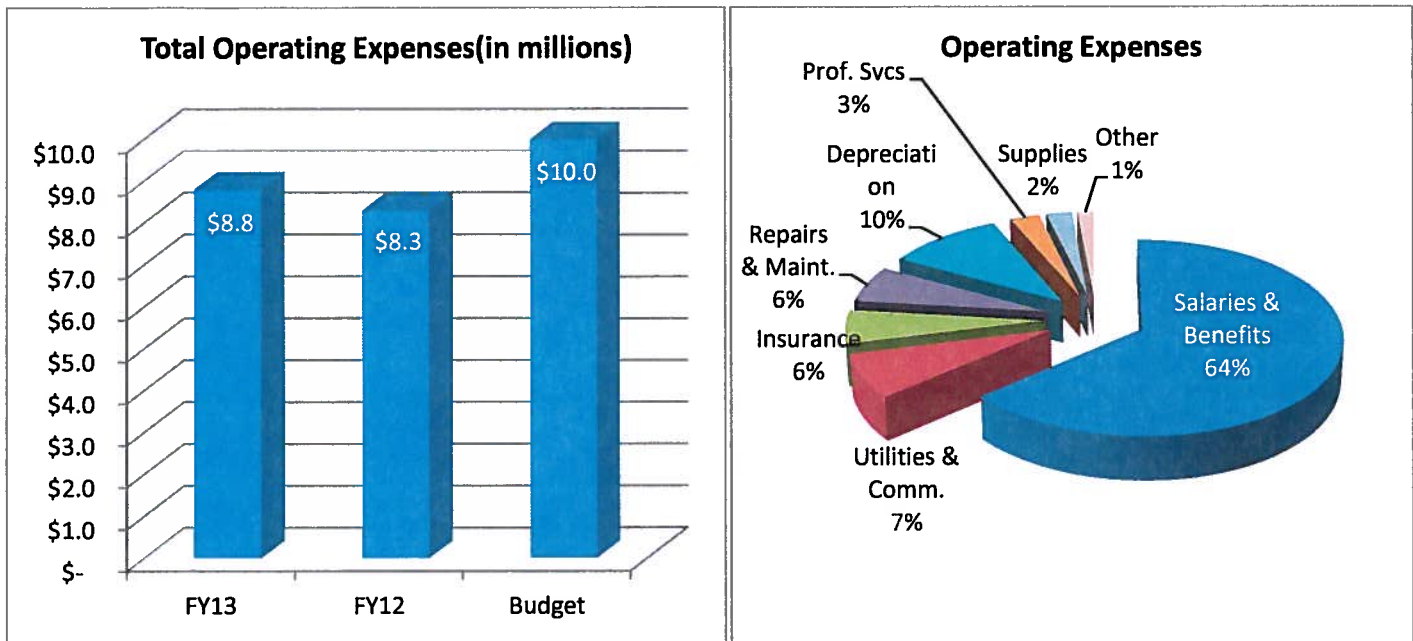


Total Operating Revenues as of December 2012 was \$10.3 million, which consist of \$8.1 in cargo revenues and \$2.2 million in Facilities, Leases, and Other Services. FY13 YTD cargo revenue is 21% higher than last year's total (\$6.7 mil) and 9% higher than Budget (\$7.5 mil).

Total Facilities, Leases, and Other Services as of December is 16% higher than last year (\$1.9 mil) and 15% higher than budget.

Overall Operating Revenues as of December is 10% higher than Budget (\$9.4 mil) and 20% higher than last year's year to date December (\$8.6 mil).

Total number of containers handled as of December 2012 was 24,211 which is 2% higher compared to last year December total 23,838.



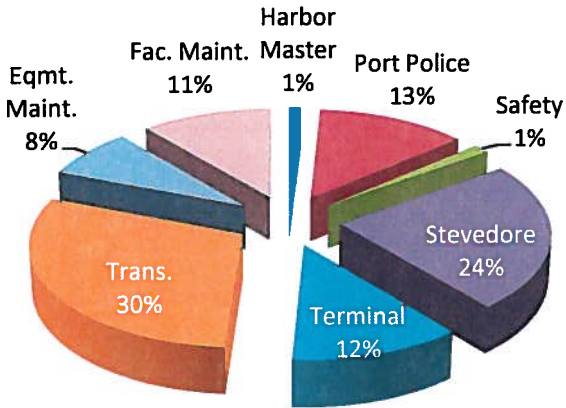
Total Operating Expenses as of December 2012 was \$8.8 million, which is 12% lower than Budget (\$10 mil) and 7% higher than last year's total operating expenses (\$8.3 mil). Expense categories that are above the FY13 year to date Budget are as follows: Repairs & Maintenance – 42% and Utilities – .1%. The remaining Expense categories that are below the budgeted amount are as follows: Salaries & Benefits- 4% (5.6 mil), Communications – 15% (\$25k) and Insurance – 12% (\$502k), Professional Services – 54% (\$202) and Supplies – 35% (\$205).

Total Overtime as of December 2012 was \$99,996 and 353% higher than last year December (\$15k). Direct Labor Revenue as of December was \$755k, which is 243% higher than last year and 49% higher than budget. \$517k of the total direct labor revenue is related to Overtime, Premium Pay and Holiday Pay. Direct Labor charges are for services performed by Port employees under special service request and differentials under the throughput.

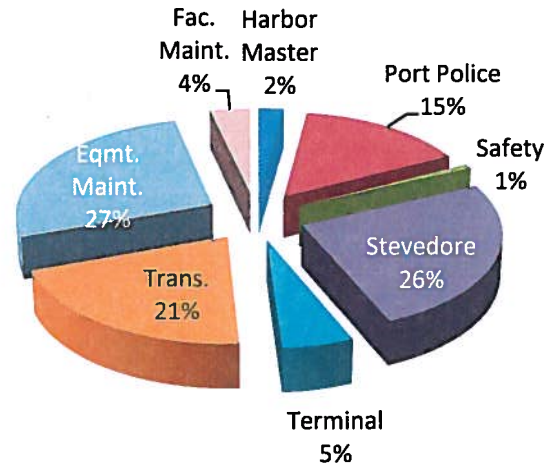
Below is the breakdown of overtime for each division/section for FY13 and FY12 as of December:

Sections	FY2013	FY2012	Budget
Harbor Master	3,418	1,735	4,488
Port Police	44,794	11,651	52,985
Safety	4,791	564	3,236
Stevedore-Cargo Handling	78,144	19,019	52,922
-Rigger	4,477	612	2,785
Terminal	41,376	4,027	38,157
Trans-Superintendent	15,279	5,316	21,463
-Crane Operators	28,590	2,927	26,115
-Equipment Oper.	53,280	6,697	40,034
-Dispatcher	6,702	839	4,025
Maint.-Crane Maint.	15,375	15,690	10,875
-Preventive Maint.	863	225	1,523
-Fleet Maint.	8,057	1,449	4,993
-Welders	3,407	3,261	7,363
Facility Maint.-Building	1,180	0	4,533
-Elect./Refr.	37,782	2,772	36,265
TOTAL	347,515	76,784	311,763

FY13 OT Hrs



FY12 OT Hrs



Year to date Operating Revenues minus the Year to date Operating Expenses resulted to an Operating Income of \$1.5 million as of December 31, 2012.

Non Operating Revenues and Expenses consist of the following: \$82k-Retirement contribution for COLA, Supplemental and Medical/Dental/Life Insurance expenses, \$50k-Interest expense on \$3.5 mil loan, \$257k-Federal Reimbursements and \$16k Interest Income. The net total of non operating expenses and revenues as of December is a positive \$133 thousand.

The Total Net Income as of December is \$1.6 million.

Accounts Receivable Trade (net) as of December 31, 2012 is \$6.9 million, which is 14% higher than last month's ending balance.

Aging Status is as follows: 60% - Current, 15% - over 30 days, 8% - over 60 days, 4% - over 90 days and 13% - over 120 days.

Accounts Payable Trade as of December 31, 2012 is \$2.8 million, which is 10% lower than last month ending balance of \$3 million.

**Port Authority of Guam
Income Statement
With Budget Comparison (Unaudited)
03 Months Ending 12/31/12**

Current Month	Last Year	%	Budget	% Chng	Year to Date			Last Year to Date			
					Actual	%	Actual	%	Actual	%	
OPERATING REVENUES											
CARGO THROUGHPUT REVENUES											
532,727	348,913	20.9	608,523	-12.5	1,657,841	16.0	1,196,710	13.9	38.5	1,825,569	-9.2
841,781	803,402	33.1	788,839	6.7	2,728,691	26.4	2,695,498	31.3	1.2	2,366,517	15.3
76,207	32,426	3.0	32,262	136.2	151,686	1.5	205,068	2.4	-26.0	96,786	56.7
1,534	1,018	0.1	1,484	3.4	1,770	0.0	2,028	0.0	-12.7	4,452	-60.2
		0.0		0.0		0.0		0.0	0.0		0.0
86,174	12,087	3.4	34,537	149.5	190,079	1.8	81,860	0.9	132.2	103,611	83.5
26,603	6,514	1.0	3,967	570.6	38,534	0.4	12,253	0.1	214.5	11,901	223.8
2,198	891	0.1	1,021	115.3	4,424	0.0	5,039	0.1	-12.2	3,063	44.4
70	56	0.0	92	-23.9	1,095	0.0	573	0.0	91.2	276	0.0
6,500		0.3	6,650	0.0	23,850					19,950	0.0
1,573,794	1,205,309	61.8	1,477,375	6.5	4,797,971	46.4	4,199,030	48.7	14.3	4,432,125	8.3
OTHER CARGO RELATED REVENUES											
2,664	1,541	0.1	5,732	0.0	24,146	0.0	3,749	0.0	544.0	3,660	0.0
176,138	175,406	6.9	220,726	-20.2	612,879	5.9	632,503	7.3	-3.1	662,178	-7.4
20,982	2,482	0.8	9,204	128.0	49,499	0.5	36,707	0.4	34.8	27,612	79.3
716	207	0.0	167	0.0	844	0.0	362	0.0	0.0	501	68.5
2,107	2,859	0.1	2,285	-7.8	7,185	0.1	8,215	0.1	-12.5	6,855	4.8
8,175		0.3	8,322	0.0	26,805	0.3	26,805	0.0	0.0	24,966	0.0
269,807	56,459	10.6	168,932	59.7	755,082	7.3	219,918	2.6	243.3	506,796	49.0
12,889	10,132	0.4	18,200	-29.2	34,563	0.3	35,222	0.4	-1.9	54,600	-36.7
37,431	21,595	1.5	24,432	53.2	95,720	0.9	74,825	0.9	27.9	73,296	30.6
382,255	282,752	15.0	360,505	6.0	1,158,318	11.2	1,002,225	11.6	15.6	1,081,515	7.1
45,495	41,907	1.8	49,307	-7.7	148,195	1.4	146,700	1.7	1.0	147,921	0.2
15,332	10,221	0.6	15,472	-0.9	48,928	0.5	38,694	0.4	26.4	46,416	5.4
135,135	97,713	5.3	127,272	0.0	399,904	3.9	344,139	4.0	16.2	381,816	0.0
1,109,126	703,273	43.6	1,011,776	9.6	3,362,070	32.5	2,543,260	29.5	32.2	3,035,328	10.8
2,682,919	1,908,582	105.4	2,489,151	7.8	8,160,040	78.9	6,742,289	78.2	21.0	7,467,453	9.3

**Port Authority of Guam
Income Statement
With Budget Comparison (Unaudited)
03 Months Ending 12/31/12**

	Current Month		Last Year		% Chng	Budget	Year to Date		Last Year to Date		% Chng	Budget	% Chng
	Actual	%	Actual	%			Actual	%	Actual	%			
NON OPERATING REVENUES													
FACILITIES													
0.0 FACILITIES USAGE MOBIL	90,520	3.6	112,991	4.4	97,714	262,547	2.5	228,138	2.6	283,142	0.0	283,142	0.0
0.0 FACILITIES USAGE TRISTAR	176,969	7.0	179,281	7.0	154,624	627,170	6.1	509,634	5.9	463,872	0.0	463,872	0.0
5.6 FACILITIES USAGE SPACE RENTAL	106,456	4.2	111,649	4.4	100,838	296,650	2.9	344,115	4.0	302,514	-1.9	302,514	-1.9
-12.0 FACILITIES LEASE INCOME	115,661	4.5	114,680	4.5	131,396	289,710	2.8	344,040	4.0	394,188	-26.5	394,188	-26.5
-2.2 FACILITIES COMMON AREA MAINTENANCE FEE	5,881	0.2	7,313	0.3	6,013	17,643	0.2	21,939	0.3	18,039	-2.2	18,039	-2.2
-9.3 FACILITIES SECURITY SURCHARGE RENTAL	3,899	0.2	4,142	0.2	4,300	11,544	0.1	12,822	0.1	12,900	-10.5	12,900	-10.5
-8.5 MARINA REVENUES	20,183	0.8	19,693	0.8	22,068	60,974	0.6	60,818	0.7	66,204	-7.9	66,204	-7.9
-7.1 HARBOR OF REFUGE	4,292	0.2	3,688	0.1	4,621	12,659	0.1	11,951	0.1	13,863	-8.7	13,863	-8.7
0.0 DEMURRAGE	179,797	7.1	75,080	3.0	63,307	488,482	4.7	193,173	2.2	189,921	0.0	189,921	0.0
703,658	27.7	628,516	24.7	584,881	2,067,389	20.0	1,726,630	20.0	1,754,643	17.8	1,754,643	17.8	
OTHER FEES & SERVICES													
0.0 CLAIMS FEE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0 BULK SCRAP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0 MATERIAL USED	1,492	0.1	0.0	0.0	0.0	1,681	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0 PASSENGER SERVICE	5,136	0.2	0.0	0.0	6,049	21,191	0.2	9,988	0.1	18,147	16.8	18,147	16.8
2,096	0.0	3,097	0.1	6,110	9,562	0.1	9,468	0.1	18,330	-47.8	18,330	-47.8	
11,139	0.4	7,439	0.3	23,563	37,691	0.4	22,732	0.3	70,689	-46.7	70,689	-46.7	
14,352	0.6	19,153	0.8	0.0	46,218	0.4	57,426	0.7	0.0	0.0	0.0	0.0	
34,215	1.3	29,689	1.2	35,722	116,343	1.1	99,614	1.2	107,166	8.6	107,166	8.6	
ADMINISTRATIVE FEES & SERVICES													
1,025	0.0	552	0.0	982	2,243	0.0	2,740	0.0	2,946	0.0	2,946	0.0	
REIMBURSEMENTS													
0.0	0.0	(22,584)	-0.9	13,610	0.0	0.0	48,366	0.6	40,830	0.0	40,830	0.0	
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
0.0	0.0	0.0	0.0	0.0	0.0	0.0	4	0.0	0.0	0.0	0.0	0.0	
0.0	0.0	(22,584)	-0.9	13,610	4	0.0	48,366	0.6	40,830	0.0	40,830	0.0	
738,897	29.0	636,173	25.0	635,195	2,185,980	21.1	1,877,350	21.8	1,905,585	14.7	1,905,585	14.7	
3,421,817	134.5	2,544,755	100.0	3,124,346	10,346,020	100.0	8,619,639	100.0	9,373,038	10.4	9,373,038	10.4	

**Port Authority of Guam
Income Statement
With Budget Comparison (Unaudited)
03 Months Ending 12/31/12**

	Current Month		Last Year		Budget		% Chng		Year to Date				Last Year to Date			
	Actual	%	Actual	%	Actual	%	Actual	%	Actual	%	Actual	%	Actual	%	Actual	%
INDIRECT COSTS																
General & Administrative Expen																
Salaries & Wages	(1,206,243)	-47.4	(1,227,654)	-48.2	(1,448,538)	-16.7	(3,880,730)	-37.5	(3,733,440)	-43.3	(4,347,825)	-10.7	(3,880,730)	-37.5	(3,733,440)	-43.3
Insured Benefits	(96,322)	-3.8	(97,097)	-3.8	(101,207)	-4.8	(301,022)	-2.9	(290,897)	-3.4	(303,417)	-0.8	(301,022)	-2.9	(290,897)	-3.4
Retirement Benefits	(365,026)	-14.3	(369,501)	-14.5	(396,263)	-7.9	(1,152,772)	-11.1	(1,099,216)	-12.8	(1,189,864)	-3.1	(1,152,772)	-11.1	(1,099,216)	-12.8
Other Benefits	(91,637)	-3.6	(106,623)	-4.2	(1,667)	0.0	(306,105)	-3.0	(313,547)	-3.6	(5,001)	6,021	(306,105)	-3.0	(313,547)	-3.6
Other Personnel Costs	(11,143)	-0.4	(146)	0.0	(9,583)	0.0	(677)	0.0	(276)	0.0	(28,749)	-97.6	(677)	0.0	(276)	0.0
Communications	(8,500)	-0.3	(7,675)	-0.3	(9,804)	0.0	(25,156)	-0.2	(23,403)	-0.3	(29,412)	-14.5	(25,156)	-0.2	(23,403)	-0.3
Leases/Rentals		0.0		0.0		0.0		0.0		0.0		0.0			0.0	0.0
Utilities	(231,115)	-9.1	(177,829)	-7.0	(209,082)	0.0	(628,141)	-6.1	(486,512)	-5.6	(627,246)	0.1	(628,141)	-6.1	(486,512)	-5.6
General Insurance	(167,202)	-6.6	(152,877)	-6.0	(188,868)	0.0	(501,606)	-4.8	(458,632)	-5.3	(566,604)	-11.5	(501,606)	-4.8	(458,632)	-5.3
Repairs & Maintenance		0.0		0.0		0.0		0.0				0.0			0.0	0.0
Repairs & Maintenance-Subic Cr	(37,873)	-1.5	(17,348)	-0.7	(37,202)	1.8	(87,698)	-0.8	(64,955)	-0.8	(106,608)	-17.7	(87,698)	-0.8	(64,955)	-0.8
Repairs & Maintenance-Pola 14	(142,765)	-5.6	(134,950)	-5.3	(69,584)	0.0	(458,346)	-4.4	(306,567)	-3.6	(208,752)	119.6	(458,346)	-4.4	(306,567)	-3.6
Repairs & Maintenance-Pola 16					(54,804)						(164,412)					(164,412)
Repairs & Maintenance-Pola 17					(54,804)						(164,412)					(164,412)
Depreciation & Amortization	(310,226)	-12.2	(308,425)	-12.1	(359,927)	0.0	(928,310)	-9.0	(925,668)	-10.7	(1,079,781)	-14.0	(928,310)	-9.0	(925,668)	-10.7
Damage, Shortage, Writedown & Supplies	(68,130)	-2.7	(73,503)	-2.9	(103,649)	-34.3	(205,176)	-2.0	(154,213)	-1.8	(315,947)	-35.1	(205,176)	-2.0	(154,213)	-1.8
Miscellaneous	(3,021)	-0.1	(2,550)	-0.1	(23,358)	0.0	(6,458)	-0.1	(3,860)	0.0	(70,074)	0.0	(6,458)	-0.1	(3,860)	0.0
Advertising		0.0		0.0		0.0		0.0				0.0			0.0	0.0
Agency & Management Fees	(37,800)	-1.5	(47,580)	-1.9	(38,907)	0.0	(106,622)	-1.0	(127,886)	-1.5	(116,721)	-8.7	(106,622)	-1.0	(127,886)	-1.5
Professional Services	(70,741)	-2.8	(103,350)	-4.1	(145,651)	-51.4	(202,076)	-2.0	(186,739)	-2.2	(436,953)	-53.8	(202,076)	-2.0	(186,739)	-2.2
Contractual Services		0.0		0.0	(800)	0.0		0.0	(3,415)	0.0	(2,400)	0.0		0.0	(3,415)	0.0
Other Contractual Services	(4,766)	-0.2	(2,404)	-0.1	(13,265)	-64.1	(37,856)	-0.4	(9,595)	-0.1	(39,795)	-4.9	(37,856)	-0.4	(9,595)	-0.1
Other Expenses	(3,998)	-0.2	(13,506)	-0.5	(10,463)	0.0	(10,302)	-0.1	(42,989)	-0.5	(31,389)	0.0	(10,302)	-0.1	(42,989)	-0.5
Earthquake Expense		0.0		0.0		0.0		0.0				0.0				0.0
Typhoon Expense		0.0		0.0		0.0		0.0				0.0				0.0
Earthquake Expense		0.0		0.0		0.0		0.0				0.0				0.0
General & Administrative Expen	(2,856,507)	-12.3	(2,842,838)	-11.7	(3,335,563)	-14.4	(8,842,104)	-85.5	(8,261,057)	-95.8	(10,009,773)	-11.7	(8,842,104)	-85.5	(8,261,057)	-95.8

**Port Authority of Guam
Income Statement
With Budget Comparison (Unaudited)
03 Months Ending 12/31/12**

	Current Month		Last Year		% Chng	Budget		Year to Date		Last Year to Date		% Chng		
	Actual	%	Actual	%		Actual	%	Actual	%	Actual	%			
	565,309	22.2	(298,083)	-11.7	(211,217)	-367.6	OPERATING INCOME (LOSS)	1,503,916	14.5	358,582	4.2	319.4	(636,735)	-336.2
							OTHER INCOME (EXPENSE)							
							0.0 Other Income & Expense							
		0.0		0.0			0.0 Other Income	5	0.0	29,249	0.3	0.0		
		0.0		0.0			0.0 Interest Income		0.0		0.0	0.0		
		0.0		0.0			0.0 Interest Income		0.0		0.0	0.0		
	18,641	0.7	13,705	0.5	12,569	0.8	Interest Income	16,495	0.2	43,219	0.5	-61.8	37,707	-56.3
	(16,824)	-0.7	(17,150)	-0.7	(90,654)	0.8	Interest Expense-USDA	(50,134)	-0.5	(34,941)	-0.4	43.5	(271,962)	
	(382)	0.0		0.0			0.0 Other Expense	(390)	0.0	(0)	0.0	0.0		
	(27,491)	-1.1	(177,480)	-7.0	(177,493)	0.0	Retirement Govt Contribution	(82,231)	-0.8	(533,873)	-6.2	-84.6	(532,479)	
	47,847	1.9	404,478	15.9	(7,488)	0.0	Federal Reimbursement	256,508	2.5	1,016,214	11.8	-74.8	(22,464)	
	(3,701)	-0.1	(26,697)	-1.0		0.0	Federal Expenses	(7,050)	-0.1	(26,697)	-0.3	0.0		
		0.0		0.0			0.0 Gain <Loss> on Asset Disposals		0.0		0.0	0.0	6	
	18,090	0.7	196,856	7.7	(263,064)	-106.9	Other Income & Expense	133,203	1.3	493,171	5.7	-73.0	(789,192)	-116.9
	18,090	0.7	196,856	7.7	(263,064)	-106.9	OTHER INCOME (EXPENSE)	133,203	1.3	493,171	5.7	-73.0	(789,192)	-116.9
	583,399	22.9	(101,227)	-4.0	(474,281)	-223.0	NET INCOME (LOSS)	1,637,119	15.8	851,753	9.9	92.2	(1,425,927)	-214.8

	Current	Amounts Last Month End	Last Year End	This Month Change	This Year
Total Assets					
Current Assets					
Cash on Hand	2,000.00	2,000.00	2,000.00		
Petty Cash Fund	100.00	100.00	100.00		
Cashier Change Fund					
Cash on Hand	2,100.00	2,100.00	2,100.00		
Incentive Award Fund					
Incentive Award Fund					
First Hawaiian Bank-Incentive					
Cash in Bank					
Cash in Bank	389,191.52	193,454.64	775,770.91	195,736.88	386,579.39
First Hawaiian Bank					
Bank of Guam					
Bank of Hawaii	925,835.11	1,044,320.42	1,775,643.11	118,485.31	849,808.00
Citizen Security Bank					
Cash in Bank	536,643.59	850,865.78	999,872.20	314,222.19	463,228.61
Short Term Investments					
Short Term Investments	1,024,246.78	1,150,414.80	2,520,199.18	126,168.02	1,495,952.40
Bank of Guam					
Citizen's Security Bank					
First Hawaiian Bank					
BankPacific					
Citibank					
Bank of Hawaii	6,719,433.64	6,715,450.93	6,707,620.88	3,982.71	11,812.76
Oceanic Bank					
Gov Guam Employees Fed CU					
Short Term Investments					
Short Term Investments	7,743,680.42	7,865,865.73	9,227,820.06	122,185.31	1,484,139.64
Account Receivable-Trade (Net)					
Account Receivable-Trade (Net)	7,937,050.55	7,107,801.25	5,373,143.05	829,249.30	2,563,907.50
Accounts Receivable-Trade	1,071,565.06	1,071,565.06	1,071,565.06		
Allow for Uncollectible Acct.					
A/R-Clearing Account					
Account Receivable-Trade (Net)					
Account Receivable-Trade (Net)	6,865,485.49	6,036,236.19	4,301,577.99	829,249.30	2,563,907.50
Accounts Receivable-Other					
Accounts Receivable-Other	1,009.71	510.91	835.91	498.80	173.80
Accounts Receivable-DOA					
Accounts Receivable-Employee					
Accounts Receivable-FEMA Reimb					
Accounts Receivable-Geda/Casam	596,399.01	567,659.33	766,148.76	28,739.68	169,749.75
Accounts Receivable-Other					
Accounts Receivable-Ins Procee	597,408.72	568,170.24	766,984.67	29,238.48	169,575.95
Accounts Receivable-Other					
Accounts Receivable-Other					
Marina Receivables	32,927.80	27,825.30	26,272.39	5,102.50	6,655.41
Accounts Receivable-Agat Marin	7,335.18	5,460.67	5,060.67	1,674.51	2,074.51
Accounts Receivable-GDP,Marina	10,752.25	9,898.77	9,866.43	1,853.48	885.82
Accounts Receivable-Harbor Of					

	Current	Last Month End	Last Year End	This Month Change	This Year
Marina Receivables	50,815.23	43,184.74	41,199.49	7,630.49	9,615.74
Interest Receivables					
Bank of Guam					
Bank of Hawaii					
Bank Pacific					
Citic Bank					
First Hawaiian Bank					
GovGuam Emp. Fed. Credit Union					
Oceanic Bank					
Other					
Interest Receivables					
Prepaid Expenses	1,504,816.38	1,672,018.20	128,485.00	167,201.82-	1,504,816.38
Prepaid Insurance	1,608,102.53	1,647,096.31	128,485.00	38,993.78-	1,479,617.53
Prepaid Expenses	3,112,918.91	3,319,114.51	128,485.00	206,195.60-	2,984,433.91
Deferred Expenses					
Deferred Geda Addendum L/Lease					
Credit Note Reimbursement					
Deferred Expenses					
Current Assets	18,909,052.36	18,685,537.19	15,468,039.41	223,515.17	3,441,012.95
Non Current Assets					
Long Term Receivable	2,258,190.48	2,258,190.48	2,258,190.48		
Long Term Receivable-DOA	1,490,449.90	1,490,449.90	1,490,449.90		
Long Term Receivable-Geda	3,748,640.38	3,748,640.38	3,748,640.38		
Allow for Uncollectible I/A/R					
Long Term Receivable					
Gas, Oil and Diesel Inventory	192,504.29	193,339.31	202,178.26	835.02-	9,673.97-
Supplies Inventory	1,676.68	1,676.68	1,676.68		
Construction Inventory Adj.	74,626.88	74,626.88	74,626.88		
Allowance for Obsolescence					
Inventory for Survey					
Inventory	116,200.73	117,035.75	125,874.70	835.02-	9,673.97-
Work In Progress					
Const Work in Progr-Local	15,023,292.09	1,066,466.76	933,569.87	43,174.67-	89,722.22
Const Work in Progr-Federal	15,113,121.01	14,979,651.11	14,586,596.37	133,469.90	526,524.64
Work In Progress	16,136,413.10	16,046,117.87	15,520,166.24	90,295.23	616,246.86
Non Current Assets	16,252,613.83	16,163,153.62	15,646,040.94	89,460.21	606,572.89
Property, Plant & Equipment					

	Amounts			Change
	Current	Last Month End	Last Year End	This Month
				This Year
Land	3,563,000.00	3,563,000.00	3,563,000.00	
Land-Cabras	3,563,000.00	3,563,000.00	3,563,000.00	
Buildings	17,094,797.53	17,094,797.53	17,094,797.53	
Buildings-Original	17,094,797.53	17,094,797.53	17,094,797.53	
Buildings-Substation Shelters	55,885,065.02	55,803,333.99	55,803,333.99	81,731.03
Buildings-Wharf Improvements	72,979,862.55	72,898,131.52	72,898,131.52	81,731.03
Buildings				
Accumulated Depreciation-Build	16,417,761.61	16,415,266.66	16,410,276.76	2,494.95
AccDeprec-Buildings-Original	16,417,761.61	16,415,266.66	16,410,276.76	2,494.95
AccDeprec-Buildings-Subshelter	23,165,018.73	23,047,422.70	22,812,230.64	117,596.03
AccDeprec-Buildings-Wharf Impr	39,582,780.34	39,462,689.36	39,222,507.40	120,090.98
Accumulated Depreciation-Build				
Furnishings & Equipment	488,574.71	488,574.71	488,574.71	
Air Tools	1,081,735.92	1,184,735.92	1,184,735.92	
Communications Equip	29,172,926.65	17,696,348.90	17,696,348.90	12,205,273.79
Computer Equip	472,936.18	436,263.18	436,263.18	1,200.00
Furniture & Office Equip	1,422,934.90	1,422,934.90	1,422,934.90	
Hand Tools	3,152,200.31	3,152,200.31	3,152,200.31	
Generators, Pumps & Allocation Cost	271,788.72	271,788.72	271,788.72	
Hand Tools	10,788.72	10,788.72	10,788.72	
Mowing Equip	1,995.00	1,995.00	1,995.00	
Other Equip	1,072,620.62	1,072,620.62	1,072,620.62	
Power Tools	12,974.46	12,974.46	12,974.46	
Safety Equip	258,893.62	258,893.62	258,893.62	
Shop Equip	2,051,725.97	2,051,725.97	2,051,725.97	
Trucks	623,701.00	623,701.00	623,701.00	
Vehicles & Motor Equip				
Furnishings & Equipment	40,953,030.21	28,746,556.42	28,728,125.42	12,224,904.79
Accumulated Depreciation-Furni				
AccDeprec-Air Tools	161,919.80	156,206.42	144,779.87	5,713.31
AccDeprec-Communications Eqt.	995,381.70	995,381.70	995,381.70	
AccDeprec-Computer Equip	433,499.10	433,499.10	433,499.10	
AccDeprec-Crane Equip	322,093.57	322,093.57	322,093.57	
AccDeprec-Furniture & Office	535,515.91	535,515.91	535,515.91	
AccDeprec-Furniture Equip	159,917.91	159,917.91	159,917.91	
AccDeprec-Generators, Pumps & Allocation C	181,200.31	181,200.31	181,200.31	
AccDeprec-Generators	10,441.98	10,441.98	10,441.98	
AccDeprec-Hand Tools	1,995.00	1,995.00	1,995.00	
AccDeprec-Load & Unload Equip	634,357.55	634,357.55	634,357.55	
AccDeprec-Mowing Equip	9,878.55	9,878.55	9,878.55	
AccDeprec-Other Equip				
AccDeprec-Power Tools				
AccDeprec-Safety Equip				

	Current	Amounts Last Month End	Last Year End	This Month	Change	This Year
AccDeprec-Shop Equip	186,156.97	185,283.33	183,566.05	863.64		2,590.92
AccDeprec-Tractors	1,128,829.27	1,115,382.13	1,088,400.47	13,490.83		46,472.48
AccDeprec-Vehicles & Motor Equ	495,208.76	490,342.01	480,608.63	4,866.69		14,600.07
Accumulated Depreciation-Furni	16,599,078.32	16,408,943.36	16,031,040.88	190,134.96		568,037.44
Capital Leases						
Capital Leases						
Capital Leases						
Accumulated Amortization-Capit						
AccAmort-Capital Leases						
Accumulated Amortization-Capit						
Property, Plant & Equipment	61,314,034.10	49,336,055.22	49,935,708.66	11,977,978.88		11,378,325.44
Total Assets	96,475,700.29	84,184,746.03	81,049,789.01	12,290,954.26		15,425,911.28
Total Liabilities & Capital						
Current Liabilities						
Accounts Payable						
Accounts Payable - Custom						
Accounts Payable - GSA						
Accounts Payable - Others	1,965,944.36	1,933,678.51	2,091,404.83	32,265.85		125,460.47
Accounts Payable - Trade	2,753,659.26	3,052,862.25	1,287,380.75	298,402.99		1,466,278.51
Received Not Vouchered	543.59	1,526.42		2,470.00		1,466,543.58
Accounts Payable	4,719,060.04	4,987,667.18	3,378,785.58	268,607.14		1,340,274.46
Current Loan Payable						
Current ANZ (USDA) Loan Payabl	125,678.99	138,903.56	165,691.68	13,224.57		40,012.69
CU ANZ (USDA) 12M Loan Payable	377,918.73			377,918.73		377,918.73
Current Loan Payable	503,597.72	138,903.56	165,691.68	364,694.16		337,906.04
Due to Public Utilities						
Due to GPA						
Due to GTA						
Due to GWA						
Due to Public Utilities						
Accrued Interest Payable						
Accrued Interest Payable						
Accrued Interest Payable						
Deferred Revenues						
Deferred Income - GEDA	61,769.01	61,769.01	61,769.01			135,278.19
Deferred Revenues - Leases	100,000.00	100,000.00	235,278.09			9,851.81
Deferred Revenues - Marinas						
Deferred Revenues						2,679.00

	Current	Amounts Last Month End	Last Year End	This Month	Change	This Year
Deferred Revenues	38,230.99	38,230.99	186,039.99			147,809.00-
Accrued Expenses						
Accrued Payroll	653,082.94	648,782.34	321,687.27	4,300.60		331,395.67
Accrued Vacation Pay-Current	944,107.73	964,021.62	940,610.15	19,913.89-		3,497.58
Accrued Vacation Pay						
Accrued Earthquake Cost						
Accrued Cola/Supplemental						
Accrued Typhoon Cost						
Accrued Medicare Tax						
Accrued Federal Grant	250,000.00	250,000.00	90,540.25			159,459.75
Employee Insurance Payables	2,440.38	2,031.00	1,899.58			145,540.80
Withholding Tax Payable	273,990.27	265,991.72	128,628.62	7,998.55		
Credit Union						
Accrued Miscellaneous Deductio						
Accrued Death & Disability Ins						
Retirement Contributions						
Deferred Compensation Plan Pay						
Accrued Expenses	2,123,621.32	2,130,827.36	1,483,365.87	7,206.04-		640,255.45
Security Deposits						
Security Deposits -Space Leas	89,801.04	93,345.91	93,566.71	3,544.87-		3,765.67-
Security Deposits - Marinas	23,084.40	22,946.90	23,234.40	137.50		150.00-
Security Deposits	112,885.44	116,292.81	116,801.11	3,407.37-		3,915.67-
Capital Lease Obligations- Cur						
Captl Lease Obligations-Curren						
Capital Lease Obligations- Cur						
Other Current Liabilities						
Reserve Shortage/Property Dama						
Lease Payable - GEDA						
Other Current Liabilities						
Current Liabilities	7,497,395.51	7,411,921.90	5,330,684.23	85,473.61		2,166,711.28
Non Current Liabilities						
Long Term Accrued Expenses						
Undeferred Retirement Contributi						
Accrued Vacation Pay-Long Term	449,966.98	449,966.98	449,966.98			
Accrued Sick Lve (DC)-Long Term	1,105,722.30	1,105,722.30	1,105,722.30			
Long Term Accrued Expenses	1,555,689.28	1,555,689.28	1,555,689.28			
Capital Lease Obligations						
Capital Lease Obligations						
Capital Lease Obligations						

	Current	Amounts	Last Year End	This Month	Change	This Year
		Last Month End				
Long Term Loan Payables	3,035,317.42	3,035,317.42	3,035,317.42	11,622,081.27		11,622,081.27
LT-ANZ (USDA) Loan Payable 3.5	11,622,081.27					
LT-ANZ (USDA) Loan Payable 12M	14,657,398.69	3,035,317.42	3,035,317.42	11,622,081.27		11,622,081.27
Long Term Loan Payables	16,213,087.97	4,591,006.70	4,591,006.70	11,622,081.27		11,622,081.27
Non Current Liabilities						
Capital Contributions & Equity						
Contributions-Local Government	3,563,000.00	3,563,000.00	3,563,000.00			
Contributions-Land	3,483,688.19	483,688.19	483,688.19			
Contributions-Property & Equip	13,413,670.45	13,413,670.45	13,413,670.45			
Contributions-General Fund	100,000.00	100,000.00	100,000.00			
Contributions-G.E.P.A.	7,000.00	7,000.00	7,000.00			
Contributions-PAG (Portion of						
Contributions-Local Government	17,567,358.64	17,567,358.64	17,567,358.64			
Contributions-Federal Governme						
Contributions-U.S. Govt Rehab	10,321,126.26	10,321,126.26	10,321,126.26			
Contributions-Economic Develop	1,492,676.57	1,492,676.57	1,492,676.57			
Contributions-U.S. Department	6,508,875.60	6,508,875.60	6,508,875.60			
Contributions-U.S. Govt-Fema	53,763.30	53,763.30	53,763.30			
Contributions-Federal Governme	18,376,441.73	18,376,441.73	18,376,441.73			
Accumulated Earnings						
Accumulated Earnings	22,953,260.99	22,953,260.99	22,953,260.99			
Accumulated Earnings (Deficit)	12,231,031.72	12,231,031.72	12,231,031.72			
Accumulated Earnings	35,184,292.71	35,184,292.71	35,184,292.71			
Net Earnings (Loss)						
Net Earnings (Loss)	1,637,123.73	1,053,724.35	5.00	583,399.38		1,637,118.73
Capital Contributions & Equity	72,765,216.81	72,181,817.43	71,128,098.08	583,399.38		1,637,118.73
Total Liabilities & Capital	96,475,700.29	84,184,746.03	81,049,789.01	12,290,954.26		15,425,911.28

Port Authority of Guam
A/P Summary by Company

Number	Supplier Name	Phone Number	Co	Balance Open	Current	61	60	46	Aging 91	120	Over 120
1481	Treasurer of Guam	671 475-3324669	00050	205.24	205						
1485	Administrative Se		00050								
1490	Guam Telephone Au	671 646-21003350	00050	6320.93	6321						
1515	Paintco Incorpora	671 472-77707771	00050	200.00	2058						
1685	DUENAS, MARGRET N	671 477-5931EXT30	00050	2548.00	2558						
1796	CANDOLETA, JUSTIN	671 565-7442	00050	44379.71	255432						1440
7376	Matson Navigation	671 475-59812	00050	11659.91	11659						178942
7747	Guahan Waste Cont	671 649-5183	00050	145941.2	145941						
7851	Guam Power Author	671 565-2909AGAT	00050	175.22	175						
8598	American Family L	671 647-6402433T	00050	168.25	166						
8694	Personal Finance Co	671 647-6820	00050	172.00	249						
8774	Internal Revenue	671 472-33204	00050	108.52	108						150
8889	Foremost Crystal	671 649-9782	00050	773.50	794						
9030	Guam Pacific Ente	671 649-699469976	00050	1269.00	1265						
9144	PTI Pacifica, Inc	671 646-888689	00050	1811.00	1811						
9208	Lab Safety Supply	800 356-0783	00050	1320.00	1320						
10188	Mid-Pac Far East	671 632-516051695	00050	339.00	340						
10250	Morrice Equipment	671 649-1947FRANK	00050	12322.35	11144						
10399	Oceanic Lumber, I	671 646-91113MYLE	00050	723.00	125						
10823	Reaction Supply C	671 472-5651	00050	404.08	4233						
11084	Moylan Insurance	671 472-3612PREWI	00050	227.00	221						
11130	Government of Gua		00050	926630.10	926630						3763
11148	Dept. Rev. & Tax (M	671 477-5931	00050	227.00	221						
11439	PAG Goodwill & MO		00050	10843.00	10843						
11447	Gov't of Guam Ret		00050	13959.13	13959						
11455	Gov't of Guam Ret		00050	151209.74	151209						
11471	Gov't of Guam Ret		00050	162308.74	162308						
11615	Gov't of Guam Ret		00050	2242.07	2242						
11618	Tsang Brothers Co	671 477-8133CHRIS	00050	53782.08	53782						
11768	Benson Guam Enter	671 477-7522SALLY	00050	13682.49	8446						
11778	Dewitt Trans Sery	671 646-44264818	00050	300.56	311						
11786	K-M universal Pai	671 646-1831REDDIE	00050	11879.26	1019						
11831	Cash		00050	10702.00	10702						
11929	Megabyte Workers Compensat	671 649-96389698	00050	15042.00	15000						
11956	Deloitte & Touche		00050	13959.13	13959						
11974	Office Of The Att	671 646-3884	00050	51209.74	51209						
12034	GEMCO		00050	121202.00	121202						
12044	Guam Waterworks A	671 649-72007000	00050	2242.07	2242						
12126	USPS Postmaster C	203 326-6254	00050	53782.08	53782						
12495	IBM Corporation	808 597-9579CATHY	00050	13682.49	8446						
12768	South Pacific Pet	671 472-8871OPERA	00050	300.56	311						
13030	I Connect	671 888-888888875	00050	12641.99	12642						
13092	Calvos Select Car	671 472-6816	00050	268261.50	268261						
13174	Pacific Human Res	671 637-690678	00050	75708.44	75708						
13196	M.D. Crisostomo,	671 637-2555	00050	583.34	583						
13333	Treasurer of Guam		00050	302191.39	302191						
13420	BME & Son Inc./DB	671 637-54898	00050	19750.00	19750						
13495	DHL Express (USA)	972 608-6120	00050	583.34	583						
13603	DHL Express (USA)	972 608-6120	00050	583.34	583						
13737	Gov't of Guam Ret		00050	302191.39	302191						
13935	D.S.Y. Corporatio	671 637-1687FE	00050	48829.00	48829						
14197	Parsons Brinckerh	671 988-4554MATTH	00050	136018	136018						
14293	Captain, Hutapea	671 472-1819	00050	121268	121268						

Port Authority of Guam
A/P Summary by Company

Number	Supplier Name	Phone Number	Co	Balance	Open	Current	61	60	46	91	90	Over
14320	Home Depot (The)	671 648-0401	00050	979.37		392						120
14337	ALAN SEARLE & ASS	671 642-4707	00050	3168.70		3166						587
14360	Hubtec Internatio	671 472-3315	00050	30495.70								30496
14372	Federal Reserve B	800 553-2663	00050	1400.00								1400
14446	Hoi Ming Printing	671 477-7154	00050	126.75		768						
14492	Lockheed Martin-T	671 477-0655	00050	2838.00		2838						
14510	Data Management R	671 647-3674	00050	2928.95		926						
14514	ICON Corporation	671 687-4266	00050	523.15		51237						554
14591	Cruz, Patricia B.	671 472-1907	00050	76636.15		45000		31120				486
14631	Public Utilities	671 472-1907	00050	100.00		100						
14642	Tristar Terminals	671 565-2300	00050	100.00		100						
14792	SecureSafe Soluti	671 649-0797	00050	100.00		100						
14839	Ilsao, Eduardo R.		00050	100.00		100						
14840	Tydingco, Daniel		00050	100.00		100						
14841	Benito, Michael T		00050	100.00		100						
14864	STANDARD INSURANC	971 321-2091	00050	6203.02		28				16		6220
14865	Gibson, Mary Mich		00050	100.00		100						
14940	Baletto, Christine		00050	100.00		100						
15023	IHS GLOBAL LTD.		00050	500.00		500						
15029	M.D. WHOLESAL	671 646-5355	00050	1499.70		1500						

00050	Port Authority of Guam	2753659.26	2141962	136882	190146	5005						279663
	Grand Total	2753659.26	2141962	136882	190146	5005						279663

PORT AUTHORITY OF GUAM
Aging Summary Report
As of December 31, 2012

Acct#	Customer Name	Balance Open	Current	Days Aging				Last Paid		Remarks
				Over 30	Over 60	Over 90	Over 120	Amount	Date	
10225	Mobil Oil Guam, Inc.	\$ 494,575.01	\$ 84,520.00				\$ 410,055.00	\$ 84,519.84	01/10/13	CIP rebate \$299k (overdeducted from rev); Accr mpr comp \$185k to offset;
7376	Matson Navigation Co.	\$ 3,668,621.79	\$ 2,918,379.00	\$ 455,125.00	\$ 28,084.00	\$ 43,289.00	\$ 223,745.00	\$ 111.73	01/17/13	Preparing del. letter for review & sign.
7350	Consolidated Transportation Services Inc	\$ 1,831,501.67	\$ 663,561.00	\$ 413,074.00	\$ 362,837.00	\$ 222,033.00	\$ 169,996.00	\$ 4.84	01/18/13	Prep. cash basis ltr for review & sign.
7413	Seabridge Inc.	\$ 95,367.24	\$ 16,877.00	\$ 107.00	\$ 17,823.00	\$ 6,874.00	\$ 53,687.00	\$ 15,983.56	01/03/13	per telecon w/Ms. Bella she is aware and will let me know what pymt status is for
7931	International Bridge Corp.	\$ 36,993.57					\$ 36,994.00	\$ 5,000.00	07/14/11	per telecon w/Ms. Vicki, IBC's office has been in Kansas since Aug. 2011. emailed POC Kimberly Smith for pymt status on
14405	KVOG Broadcasting/MCS, LLC	\$ 38,800.17	\$ 706.00	\$ 1,489.00	\$ 1,290.00	\$ 1,290.00	\$ 34,026.00	\$ 45.36	11/14/12	prep. final notice for review & signature
14602	JRC Maritime Services	\$ 24,945.24					\$ 24,945.00	\$ 1,000.00	12/31/12	PROMISSORY NOTE PAYMENT current
7106	Shell Guam, Inc.	\$ 23,400.00		\$ 1,950.00	\$ 1,950.00	\$ 1,950.00	\$ 17,550.00	\$ 1,950.00	11/04/11	Need to f/up w/Comm.Div.s/b billed to IP&E???TPE has been making pymts for GEDA P/L EASEMENT & F-3
7384	Marianas Steamship Agencies	\$ 782,339.41	\$ 506,547.00	\$ 249,515.00	\$ 6,910.00	\$ 3,562.00	\$ 15,806.00	\$ 14,864.36	01/22/13	Preparing del. letter for review & sign.
12400	Renolith Resources	\$ 12,785.40			\$ 73.00	\$ 103.00	\$ 12,609.00	\$ 1,342.30	12/05/12	PROMISSORY NOTE PAYMENT current
9611	Ziskovsky, Michael J /Jan Z's	\$ 13,083.40		\$ 750.00	\$ 750.00	\$ 110.00	\$ 11,473.00	\$ 640.00	01/07/13	final notice letter sent out on 12/27/12..off-sets Lagu Sanitation Cardboard Bin charges from mo.rental fee's since Nov.2008. preparing cash basis letter for prep. final notice for review & signature with Legal
13554	BKA Koku L.L.C.	\$ 9,923.41					\$ 9,923.00	\$ 2,400.00	09/30/08	
9911	Guam YTK Corporation	\$ 9,084.14					\$ 9,084.00	\$ 10.26	01/24/11	Defaulted on promissory note payment. Preparing delinquent letter for review & signature
14384	Auto Marine Inc.	\$ 9,338.33	\$ 638.00	\$ 473.00	\$ 25.00	\$ 1,136.00	\$ 7,067.00	\$ 1,500.00	11/30/12	
7368	Cabrass Marine Corp	\$ 18,922.86	\$ (3,561.00)	\$ 5,414.00	\$ 8,343.00	\$ 3,475.00	\$ 5,251.00	\$ 8,791.67	01/22/13	2nd notice sent 12/27/12, preparing final notice for review & signature.
11848	Fantasea Charters/Velez, A	\$ 6,996.72		\$ 660.00		\$ 1,227.00	\$ 5,110.00	\$ 750.00	12/12/12	Behind on promissory note payment.
14444	Office of the Governor of Guam	\$ 166,542.13	\$ 3,208.00		\$ 158,306.00		\$ 5,028.00	\$ 158,305.51	01/17/13	Preparing delinquent letter for review & pending disb. of fed.funds from TOG
14160	Bryan Keller	\$ 4,912.04					\$ 4,912.00	\$ 50.00	12/05/11	to speak w/cust.Atty.to discuss acct...Need to seek advise on what the next step will
14542	Heavy Equipment Rental Options	\$ 6,082.21		\$ 788.00		\$ 580.00	\$ 4,714.00	\$ 22.57	01/08/13	customer settled w/IRS..payment will be forthcoming..will discuss payment plan arrangement.

4925	Pooler, David J.	\$	412.50	\$	138.00	\$	138.00	\$	138.00	\$	137.50	04/26/12	Final notice letter sent 1/15/13. cust.term.will apply sec.dpst.on acct.to clear past due fees
7991	Kloppenburg Enterprises/Nautilus	\$	(384.21)	\$	(514.00)			\$	130.00		\$	10/26/12	
4968	Nguyen, Hoa Van	\$	265.00	\$	80.00	\$	25.00	\$	80.00		\$	10/12/12	cr. due to cust.due to GDP renov. on Dock.
2184	Pacific Welding Services	\$	77.97	\$	26.00			\$	52.00		\$	03/20/12	delinquent letter sent 1/16/13
4436	John C. Aguoni/Myung J. Park	\$	125.00	\$	25.00	\$	50.00		50.00		\$	07/31/12	per telecon w/Mr.Park he will clear past due acct.on 1/28/13; will prepare delinquent letter for review & signature.
3604	Lewis, Erik C.	\$	50.00	\$	25.00			\$	25.00		\$	12/11/12	Preparing del. letter for review & sign.
4364	P.S.V. Corp./Joo, Gi Bum	\$	560.00	\$	510.00	\$	25.00		25.00		\$	01/09/13	aging acct.<90days cleared.preparing delinquent letter for <30days for review & per email w/Ms.Ester an 8 mo.rent deferral was approved on the PAG BOD mtg.on 11/28/12.Need to f/up w/Comm.Div.if there was a letter sent out unable to contact cust.preparing delinquent letter for review & signature.
4526	Cementon Micronesia, LLC	\$	39,694.00			\$	19,847.00	\$	19,847.00		\$	06/26/12	
4984	Ten Bulls Corporation	\$	2,166.24	\$	(8,033.00)			\$	10,199.00		\$	08/08/12	
3044	Smithbridge Guam, Inc.	\$	9,509.15	\$	187.00	\$	4,425.00	\$	4,897.00		\$	01/08/13	past due acct.cleared on 12/31/12
3030	South Pacific Petroleum Co	\$	(27,553.98)	\$	(28,298.00)	\$	710.00	\$	35.00		\$	12/31/12	past due acct.cleared on 12/31/12
3641	M.A.Y. (Guam) Inc.	\$	425.28	\$	400.00			\$	25.00		\$	11/30/12	Preparing del. letter for review & sign.
3537	Wang, Jacky	\$	25.00					\$	25.00		\$	10/04/12	Preparing del. letter for review & sign.
4381	Apra Dive & Marine Sports, Inc.	\$	1,624.15	\$	429.00	\$	1,196.00				\$	01/03/13	past due acct.cleared on 1/3/13
4061	AR Sunraser Canteen/Catering Svs.	\$	586.54	\$	15.00	\$	572.00				\$	12/27/12	Preparing del. letter for review & sign.
4171	Norton Lilly International	\$	167,138.21	\$	166,597.00	\$	541.00				\$	01/22/13	Preparing del. letter for review & sign.
9224	Island Equipment Company	\$	78.60	\$	(425.00)	\$	503.00				\$	01/24/13	Preparing del. letter for review & sign.
14646	Integrated Biometric Technology	\$	738.00	\$	288.00	\$	450.00				\$	12/20/12	Preparing del. letter for review & sign.
14368	Tyco Telecom./Tyco Electro	\$	310.25	\$	(1.00)	\$	312.00				\$	01/09/13	past due acct.cleared on 1/9/13
14663	Cafey, James W. & Melvia	\$	440.00	\$	220.00	\$	220.00				\$	10/23/12	Preparing del. letter for review & sign.
7878	Guam Response Services, Ltd.	\$	(4,584.40)	\$	(4,642.00)	\$	57.00				\$	01/14/13	past due acct.cleared on 1/14/13
14656	McClelland, Terry/Enrique	\$	100.00	\$	50.00	\$	50.00				\$	01/18/13	Preparing del. letter for review & sign.
14503	Fox, Norman	\$	245.00	\$	220.00	\$	25.00				\$	01/15/13	Preparing del. letter for review & sign.
14478	McCue, Michael R.	\$	25.00			\$	25.00				\$	12/31/12	
14958	DKC Pacific Guam,LLC	\$	14.66			\$	15.00				\$	09/04/12	
14197	Parsons Brinckerhoff Int'l	\$	20.00	\$	10.00	\$	10.00				\$	01/22/13	
7341	Ambyth Shipping & Trading	\$	132,621.96	\$	132,619.00	\$	2.00				\$	01/24/13	
14778	IP&E Holding LLC	\$	(93,549.40)	\$	(93,551.00)	\$	2.00				\$	01/22/13	
14642	Tristar Terminals Guam, In	\$	330,201.61	\$	330,202.00						\$	01/08/13	

1156	U. S. Department of Agriculture	\$	9,333.00	\$	9,333.00	\$	9,333.00											\$	40,000.00	08/02/11	
3202	Department of Administrati	\$	3,185.95	\$	3,186.00														\$	7,816.36	12/21/12
4610	U.S. Department of Homeland Security	\$	2,999.02	\$	2,999.00														\$	50,000.00	12/26/12
3483	Scuba Co.	\$	2,932.16	\$	2,932.00														\$	381.16	01/14/13
4126	Margarita Charters	\$	934.90	\$	935.00														\$	934.90	01/18/13
7763	Guam Dolphin's Marine Sports Club	\$	703.68	\$	704.00														\$	2,152.68	01/04/13
3401	Tasi Tours Inc.	\$	606.60	\$	607.00														\$	988.17	01/16/13
1490	Guam Telephonic Authority	\$	560.48	\$	560.00														\$	293.88	01/14/13
4387	Guam Sungwoo Ferry Corp.	\$	533.50	\$	534.00														\$	681.50	01/14/13
2446	Coam Trading (Guam) Co. Ltd.	\$	482.58	\$	483.00														\$	749.21	01/02/13
9620	Alupang Beach Club	\$	432.51	\$	433.00														\$	432.51	11/27/12
3219	SS Neptune, LLC Shuttle	\$	332.79	\$	333.00														\$	332.79	01/16/13
3696	Lotus Pacifica Trading, Inc.	\$	321.88	\$	322.00														\$	1,040.00	01/18/13
3081	Watanabe, Akio/Fontana & Co.	\$	319.23	\$	319.00														\$	147.00	01/09/13
9478	Triple B Forwarders	\$	297.59	\$	298.00														\$	197.32	01/02/13
9831	Fish Hook Inc.	\$	280.00	\$	280.00														\$	280.00	01/02/13
3913	Skocumchuck Charters Inc.	\$	241.76	\$	242.00														\$	154.56	01/16/13
4143	Salt Shaker Yacht Charter	\$	221.21	\$	221.00														\$	221.21	01/15/13
4636	Baldevarona, Egdar B.	\$	220.00	\$	220.00														\$	220.00	01/04/13
4331	Frickel, Charles	\$	220.00	\$	220.00														\$	220.00	01/18/13
3527	Haft, John R.	\$	220.00	\$	220.00														\$	220.00	01/03/13
3844	Hagen, William	\$	220.00	\$	220.00														\$	220.00	01/14/13
0735	Plummer, Peter J.	\$	175.00	\$	175.00														\$	175.00	01/11/13
2895	Bell, James C. or Cynthia	\$	150.00	\$	150.00														\$	450.00	01/11/13
4878	Blasky Mark/Pauline	\$	150.00	\$	150.00														\$	300.00	01/22/13
4530	Flores, Lynu	\$	150.00	\$	150.00														\$	150.00	01/16/13
2513	Berkeneyer, Thomas R.	\$	137.50	\$	138.00														\$	137.50	01/15/13
4622	Singenes, Singeo I.	\$	137.50	\$	138.00														\$	137.50	11/16/12
5017	Van Meter, Henry G.	\$	137.50	\$	138.00														\$	275.00	01/18/13
4890	Roberts, Tom	\$	115.92	\$	116.00														\$	115.92	01/04/13
5033	Sanchez, Jeffrey C.	\$	112.83	\$	113.00														\$	262.21	12/12/12
2419	Nelson, Jeff G.	\$	85.00	\$	85.00														\$	175.00	01/11/13
9751	Duenas Roy P.	\$	80.00	\$	80.00														\$	80.00	01/15/13
14005	Big Bird Enterprise, Inc.	\$	75.00	\$	75.00														\$	125.00	12/06/12
14523	Quinata, Frank	\$	70.00	\$	70.00														\$	70.00	01/02/13

3545	Perez, Vincent T.	\$	50.00	\$	50.00																\$	50.00	11/29/12		
4429	Weilbacher, Walden	\$	50.00	\$	50.00																	\$	200.00	11/20/12	
3654	Baba, Hideharu	\$	40.00	\$	40.00																	\$	40.00	01/17/13	
3773	Walker, Jon D./Hansen Helicopter	\$	34.50	\$	35.00																	\$	69.00	01/24/13	
3874	Core Tech International	\$	29.32	\$	29.00																	\$	498.74	03/18/08	
4963	Castro, Jesse AR	\$	(5.00)	\$	(5.00)																	\$	140.00	12/21/12	
0081	Landolt, Callum L.	\$	(13.70)	\$	(14.00)																	\$	303.00	01/15/13	
4317	KAYJO CORP	\$	(21.39)	\$	(21.00)																	\$	1,303.68	11/30/12	
5028	J&C International, LLC	\$	(25.99)	\$	(26.00)																	\$	211.96	12/18/12	
4914	Big 7 Pachinko	\$	(41.35)	\$	(41.00)																	\$	43.42	12/13/11	
0516	Pacific Data System	\$	(43.43)	\$	(43.00)																	\$	608.02	02/02/12	
4967	Polaris Guam LLC/Wu, John	\$	(45.13)	\$	(45.00)																	\$	6,408.46	09/04/12	
4666	Euh, Sol Y.	\$	(50.00)	\$	(50.00)																	\$	300.00	08/10/12	
3218	Gnam Music Inc.	\$	(49.72)	\$	(50.00)																	\$	525.88	01/19/12	
2353	Pacific Produce Corp	\$	(50.57)	\$	(51.00)																	\$	155.00	06/15/12	
3495	BME & Son Inc./DB's Builders	\$	(51.98)	\$	(52.00)																				
13312	California Mart	\$	(51.60)	\$	(52.00)																	\$	4,648.39	11/20/12	
13190	GENTLY BLUE DIVING SHOP	\$	(77.30)	\$	(77.00)																	\$	92.76	10/25/12	
14893	Cruz, Joseph R.	\$	(85.50)	\$	(86.00)																	\$	59.00	09/19/12	
14773	Sablan, Phillip	\$	(111.00)	\$	(111.00)																	\$	363.05	10/18/12	
14857	Hong Gi Chu (Sky)	\$	(137.50)	\$	(138.00)																	\$	272.50	12/31/12	
14987	Smith, Brian J.	\$	(137.50)	\$	(138.00)																	\$	137.50	12/28/12	
12397	Cruz, John R.	\$	(160.00)	\$	(160.00)																	\$	160.00	11/20/12	
9726	Deckard, Robert	\$	(162.50)	\$	(163.00)																	\$	325.00	12/28/12	
14776	MARAD	\$	(169.45)	\$	(169.00)																	\$	34,271.66	11/30/11	
13607	S.H. Enterprises	\$	(184.31)	\$	(184.00)																	\$	395.00	01/10/13	
14535	Young, Dione & Jerry	\$	(185.00)	\$	(185.00)																	\$	185.00	12/28/12	
14791	Fong, Francis L.	\$	(198.00)	\$	(198.00)																	\$	198.00	12/31/12	
10524	Orcutt, Kenneth D.	\$	(209.44)	\$	(209.00)																	\$	137.50	01/07/13	
11971	Coral Reef Marine Center	\$	(220.00)	\$	(220.00)																	\$	220.00	10/04/12	
9902	Guan Aquasports Inc.	\$	(232.50)	\$	(233.00)																	\$	232.50	12/13/12	
9697	Camacho, Antonio Frank C.	\$	(240.00)	\$	(240.00)																	\$	240.00	12/31/12	
14029	CRW TRADING INC.	\$	(259.69)	\$	(260.00)																	\$	1,508.56	10/27/11	
14103	Levin, Steven	\$	(260.00)	\$	(260.00)																	\$	260.00	12/31/12	
14633	Eusebio, Ricardo B.	\$	(275.00)	\$	(275.00)																	\$	825.00	09/19/12	

4564	Blue Pacific Alliance, Inc	\$	(290.00)	\$	(290.00)					\$	870.00	03/30/12										
4811	Baumunk, Wayne/Coral Reef	\$	(298.63)	\$	(299.00)					\$	220.00	01/08/13										
2394	Wong, Billy	\$	(300.00)	\$	(300.00)					\$	300.00	12/11/12										
4431	Heritage Boat Charters	\$	(325.00)	\$	(325.00)					\$	137.50	01/24/13										
1764	American Bureau of Shipping	\$	(341.06)	\$	(341.00)					\$	561.92	01/17/13										
3191	Paul SN. Agnon and Seo Jun	\$	(360.00)	\$	(360.00)					\$	360.00	12/31/12										
4587	Moore, James	\$	(412.50)	\$	(413.00)					\$	137.50	07/22/10										
4409	Robinson, Merle Ann	\$	(576.00)	\$	(576.00)					\$	624.00	12/04/12										
0461	Ocean Jet Club	\$	(675.00)	\$	(675.00)					\$	675.00	12/13/12										
4290	DGX	\$	(676.20)	\$	(676.00)					\$	338.10	01/24/13										
5032	Pacific Marine Enterprises	\$	(695.52)	\$	(696.00)					\$	1,391.04	12/12/12										
1487	Guam Federation of Teacher	\$	(859.00)	\$	(859.00)					\$	69.78	09/21/12										
4210	Kaneshiro, Roger J. D.D.S	\$	(960.00)	\$	(960.00)					\$	645.33	12/21/12										
0743	Peppe, Edward/FISH INC	\$	(960.00)	\$	(960.00)					\$	760.00	12/28/12										
1162	Flores, Juan F.	\$	(1,000.00)	\$	(1,000.00)					\$	1,000.00	12/10/12										
4388	Guam, JRC Logistics	\$	(1,000.00)	\$	(1,000.00)					\$	1,000.00	12/31/12										
4875	Best, Bruce	\$	(1,320.00)	\$	(1,320.00)					\$	1,320.00	12/27/12										
0217	Mars, Thomas Z.	\$	(1,320.00)	\$	(1,320.00)					\$	1,320.00	11/19/12										
9208	PTI Pacifica, Inc. DBA:IT&E	\$	(3,385.24)	\$	(3,385.00)					\$	0.16	12/27/12										
3509	Horizon Lines	\$	(8,272.29)	\$	(8,272.00)					\$	11,778.31	12/04/12										
9996	Johnson, George L.	\$	-							\$	106.00	01/15/13										
8141	Mid-Pacific Liquor Distributors	\$	-							\$	42.78	12/21/12										
0778	Real World Diving	\$	(0.01)							\$	1,380.00	01/08/13										
2299	UNITED FISHERIES CORP	\$	-							\$	105.98	12/13/12										
TOTAL											\$	7,987,894.58	\$	4,808,995.00	\$	1,167,360.00	\$	626,616.00	\$	290,749.00	\$	1,094,195.00

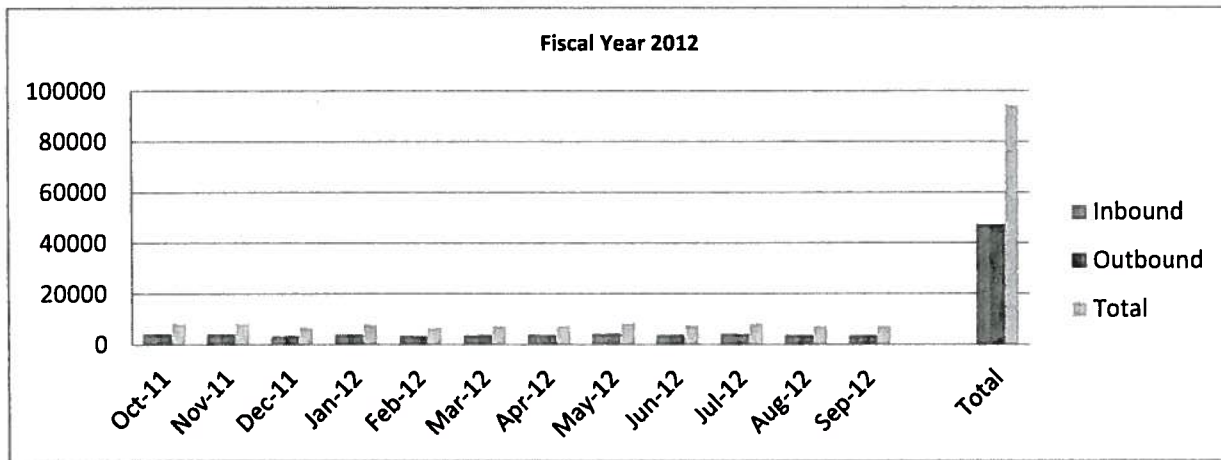
**JULY - DECEMBER 2012
VESSEL OPERATION RECAP**

	July	August	September	October	November	December	Total
MATSON							
No. Vessel	5	4	4	5	4	4	26
Discharge	2937	2362	2282	2972	2617	2437	15607
Loaded	2590	2415	1996	2789	2200	2246	14236
Total Moves	5527	4777	4278	5761	4817	4683	29843
Cranes used	P14,16,17	P14,16,18	P14,16,17	P14,16,17	P14,16,17	P14,16,17	
Average GMPH	21.4	20.9	22.9	22.2	20.9	23	21.9
ISLANDER							
No. Vessel	2	2	2	2	2	1	11
Discharge	316	440	339	370	406	179	2050
Loaded	524	386	454	600	381	248	2593
Total Moves	840	826	793	970	787	427	4643
Cranes used	P16,17	P16,18	P16,17	P16,17	P16,17	P14,16,17	
Average GMPH	18.2	20.8	16.4	16	18	10	16.6
SHUTTLE/S-2011							
No. Vessel	5	6	4	5	7	6	33
Discharge	210	251	146	196	201	242	1246
Loaded	213	265	230	216	257	284	1465
Total Moves	423	516	376	412	458	526	2711
Cranes used	G2,3	G2,3	G2,3	G2,3	G2,3	G2,3,P14,16	
Average GMPH	17.2	14.1	16.4	14	16.6	17	15.9
MELL							
No. Vessel	5	4	4	5	4	6	28
Discharge	793	611	690	943	611	699	4347
Loaded	714	561	669	826	693	528	3991
Total Moves	1507	1172	1359	1769	1304	1227	8338
Cranes used	G2,3	G2,3	G2,3	G2,3	G2,3	G2,3,P17	
Average GMPH	17.1	14.3	14.6	15	16	16	15.5

Month	Inbound	Outbound	Total
Oct-11	4248	4367	8615
Nov-11	4298	4179	8477
Dec-11	3421	3525	6946
Jan-12	4051	4102	8153
Feb-12	3523	3458	6981
Mar-12	3694	3877	7571
Apr-12	4014	3775	7789
May-12	4276	4406	8682
Jun-12	3912	3910	7822
Jul-12	4394	4189	8583
Aug-12	3809	3796	7605
Sep-12	3733	3719	7452

8013	(Three Months Average)
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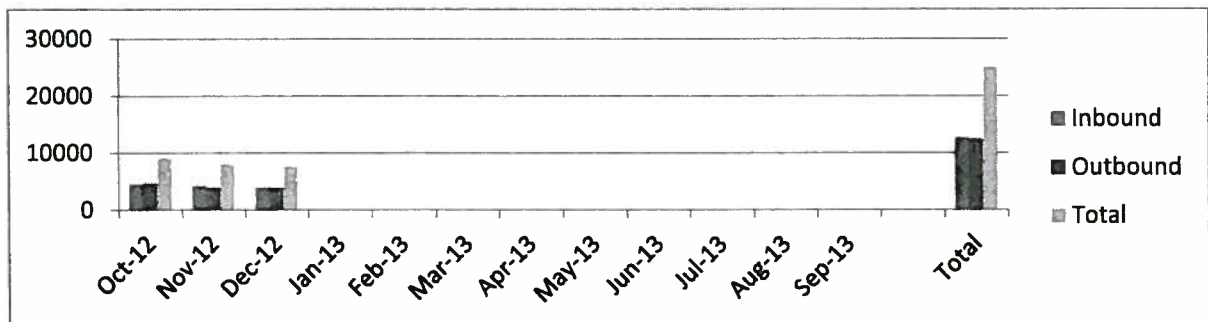
Total	47373	47303	94676
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Month	Inbound	Outbound	Total
Oct-12	4557	4656	9213
Nov-12	4211	3944	8155
Dec-12	3938	3873	7811
Jan-13			0
Feb-13			0
Mar-13			0
Apr-13			0
May-13			0
Jun-13			0
Jul-13			0
Aug-13			0
Sep-13			0

8393	(Three Months Average)
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Total	12706	12473	25179
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PORT OF GUAM
ATURIDATI PUETTON GUAHAN
Jose D. Leon Guerrero Commercial Port
1026 Cabras Highway, Suite 201, Piti, Guam 96925
Telephone: 671-477-5931/35 Facsimile: 671-477-2689/4445
Website: www.portguam.com



Eddie Baza Calvo
Governor of Guam
Ray Tenorio
Lieutenant Governor

January 29, 2013

MEMORANDUM

TO: Board of Directors
FROM: Procurement and Supply Manager
SUBJECT: Procurement Division Status Report for January 2013

1. Request for Proposals

- A. No. 12-003: Performance Management Services for Port's Cranes
Cost Negotiations are on-going. Port received cost proposal and provided counter offer. Further discussions with Offeror are expected. It is anticipated that the final and mutually agreed fees are to be presented in next Board Meeting.
- B. No. 12-004: Risk Management Services
Negotiations were completed. Recommendation is attached.

2. Invitation for Bids – Construction

- A. IFB No. CIP 013-001: Installation of MOV at Golf Pier Fuel Pipelines
Advertised in M. Variety: January 9, 2013
Pre-Bid Meeting: January 16, 2013 and Bid Opening: January 30, 2013

3. Invitation for Bid – General Services Agency

Three (3) Bids were issued:

- a. Part for Mobile Harbour Crane – Bid Opened Jan. 28, 2013
- b. A/C Compressors and various units: Bid Opening scheduled for February 6, 2013
- c. Various A/C parts, materials and supplies – Bid Opening scheduled for Feb. 6, 2013

Two (2) Bids pending announcement/issuance:

- d. Workers Compensation Insurance
- e. Mobile Screening Machine (Federally funded)

4. Sole Source Procurement - JDE Upgrade on Payroll Module (see Executive Summary)

5. Procurement Plan – 2YR (Fiscal Year 2013 & 2014) see attached

6. Contract Management - Option to extend

- A. Pacific Human Resources Inc. – Administration of the Drug Free Workplace Program
- B. Parsons Brinkerhoff – Owners Agent Engineer (see attached)

**Port Authority of Guam
Board of Directors Regular Meeting
January 31, 2013**

Executive Summary

**Request for Proposal PAG-012-004
Risk Management Services**

PURPOSE: Request the Board of Directors to approve the contract award to IRIS, Ltd., pursuant to the above RFP.

BACKGROUND: As a result of a competitive solicitation issued on September 4, 2012 for the Risk Management Services, IRIS, Ltd has been selected as the most qualified and highest ranked offeror. The Negotiation Committee selected by the General Manager initiated cost negotiations with IRIS, Ltd on December 5, 2012.

The Committee successfully completed the cost negotiations and has determined the fees to be fair and reasonable. A copy of the Record of Negotiations is attached for your reference.

LEGAL REVIEW: A draft contract will be forwarded to the legal counsel for review and approval as to form. Upon completion of this review, the contract form will be executed by both parties and Notice to Proceed will be issued to IRIS, Ltd.

FINANCIAL REVIEW: Funding for these services is through the approved Operations and Maintenance Budget.

RECOMMENDATION: Management request the Board of Directors' motion to approve the award for the Risk Management Services contract in the amount of \$42,000.00 annually, payable at \$3,500.00 per month plus travel cost. IRIS, Ltd has been deemed to have met all the requirements set forth in the RFP and is consistent with the Guam Procurement Regulations.



PORT AUTHORITY OF GUAM
ATURIDAT I PUETTON GUAHAN
Jose D. Leon Guerrero Commercial Port
GOVERNMENT OF GUAM
PROCUREMENT AND SUPPLY DIVISION

January 25, 2012

MEMORANDUM

TO: General Manager
FROM: Acting Corporate Manger
SUBJECT: Record of Fee Negotiations –
Ref: RFP No. PAG- 012-004, Risk Management Services

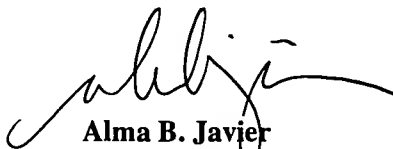
As a result of the RFP evaluation and ranking process, the Port received a cost proposal from **IRIS, Ltd.**, as the highest ranked proposer to provide the Risk Management Services. The established Cost Negotiation Committee consisting of Joann Conway, John Santos, and Glenn Nelson held its negotiation meeting on January 4, 2013 to discuss the proposed fee submitted by IRIS, Ltd., (copy is attached for reference). Representing IRIS, Ltd. was Michael Moody.

After discussions and review of the proposed fee with Michael Moody, via teleconference of Risk Management Services, the committee provided a counter offer. The fee agreed upon is as follow:

\$42,000.00 per year, payable at \$3,500.00 per month plus travel cost. Scope of Services required in the RFP will be administered through Task Orders.

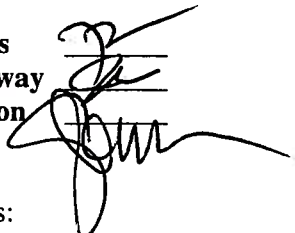
The Cost Negotiation Committee has determined that the negotiated fee as fair and reasonable; therefore, recommends the approval of the above set fee. As indicated in the RFP documents, the term of the contract shall be for a period of one (1) year, with an option to renew for an additional four (4) years, but not to exceed the total contract term of five (5) years.

Should you have any questions or need to discuss the above matter further, I will be available at your request.


Alma B. Javier

Concurred by Negotiations Committee:

John Santos
Joann Conway
Glenn Nelson



APPROVED:

JOANNE M.S. BROWN, General Manager



Attachments:

1. IRIS, Ltd.-Cost Proposal
2. Final Negotiated Fee.-Acceptance Letter

cc: Negotiations Committee/Procurement & Supply

IRIS, Ltd.

INTERNATIONAL
RISK MANAGEMENT
AND INSURANCE SERVICES

4188 Via Solano
Palos Verdes Estates, CA 90274

310/541-4000
FAX 310/791-2426
www.irisltd.us

10 December 2012

VIA EMAIL

Ms. Mary C. Torres, General Manager
Jose D. Leon Guerrero Commercial Port
1026 Cabras Highway, Suite 201
Piti, Guam 96925

Fee Proposal
Request for Proposal – PAG-012-004
Risk Management Services

Dear Ms. Torres:

In accordance with the instruction emailed to us on December 5, 2012, we are submitting the following fee proposal for the subject RFP. Our proposal is based upon providing the services Listed in Attachment 1 of the RFP, copy attached. In addition, we recommend we prepare and conduct a half-day Risk Management workshop for the members of the Board of Directors and Management at an early date.

Our fee proposal is \$48,000 per year, payable at \$4,000 per month, plus costs of travel. The fees are all inclusive for technical work, wherever conducted, clerical, and all communications. There will be no limit on the number of hours we spend each month. Travel costs shall be prorated among any clients for whom we work during any single trip. Typically, this will reduce the travel costs up to 80%.

We understand a fee negotiation meeting will be conducted by telephone on Monday, December 17, 2012, at 10:00 AM Guam Time. Our contact number is 310-541-4000.

Sincerely,



IRIS, Ltd.
Michael C. Moody, ARM PE
President

Cc: Ms. Alma Javier, Procurement

ATTACHMENT 1

SCOPE OF SERVICES

RISK MANAGEMENT SERVICES

Description Of Work Involved: A Preliminary Scope of Services describes the work to be accomplished. Upon final selection of the best qualified Offeror, the Scope of Services may be modified and refined during the fee negotiation.

1. Prepare a comprehensive claims management program for the Port. This program shall include the following:
 - a. Preparation of a database of past claims for 10 years,
 - b. Assist the Port in closing reserve accounts under prior Port insurance programs with insurance carriers,
 - c. Acting on behalf of the Port, if authorized by the Port, in any claims situations,
 - d. In the event of a loss or claim, advise the Port on the most cost-effective measures to reduce the net cost of such claims,
 - e. Recommend procedures for the investigation, reporting, and administration of claims,
 - f. Prepare monthly reports to Management regarding the status of all open claims.
2. Advise the Port of new options or funding techniques in insured or self-insured areas.
3. Assist the Port in renewing its insurance policies. This work shall include the following:
 - a. Identify risk exposures and update exposure data.
 - b. Compile underwriting data and prepare insurance specifications for bidding,
 - c. Assist in the evaluation of responses to Invitations To Bid and assist in negotiations with insurance carriers to determine the most competitive net costs of insurance and to determine whether the purchase of insurance is warranted.
 - d. Review insurance policies for compliance with the specifications and follow-up with the Port to resolve all discrepancies,
 - e. Prepare a detailed policy digest for Management.

4. Assist the Port in arranging Owner Controlled Insurance Programs (OCIP's) to support the Port Modernization program.
5. Advise and assist the Port when other consultant services are needed and prepare appropriate Scopes of Work for these services.
6. Review leases, contracts, and other documents for appropriate insurance clauses and/or indemnification language and make suitable recommendations for any changes.
7. Perform other administrative functions related to insurance and risk management as needed.

IRIS, Ltd.

INTERNATIONAL
RISK MANAGEMENT
AND INSURANCE SERVICES

4188 Via Solano
Palos Verdes Estates, CA 90274

310/541-4000
FAX 310/791-2426
www.irisltd.us

23 January 2013

VIA EMAIL

Ms. Alma B. Javier, Acting Corporate Services Manager
Jose D. Leon Guerrero Commercial Port
1026 Cabras Highway, Suite 201
Piti, Guam 96925

PAG Cost Negotiation: Response to 1st Counter Offer
Request for Proposal – PAG-012-004
Risk Management Services

Dear Ms. Javier:

This is response to General Manager Brown's letter of January 22, 2013, on same subject, which we include herein by reference. The 1st Counter Offer stated therein is acceptable to us and we look forward to receipt of an agreement incorporating the fees stated therein.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael C. Moody". The signature is fluid and cursive, with a long horizontal stroke at the bottom.

IRIS, Ltd.
Michael C. Moody, ARM PE
President

Cc: Ms. Eda Nededog, Procurement

**Port Authority of Guam
Board of Directors Regular Meeting
January 31, 2013
Executive Summary**

**Installation of Motor Operated Valve at Golf Pier Fuel Pipeline
Invitation For Bid No. CIP 013-001**

PURPOSE: Request for Board's approval to award the construction contract for the above referenced project under Invitation For Bid No. CIP 013-001

BACKGROUND:

In August 2, 2012, an Invitation For Bid (IFB) was issued to solicit a work for the installation of the Motor Operated Valve at Golf Pier Fuel Pipeline. The design work was prepared by N.C. Macario and Associates. A pre-bid conference was held on January 16, 2013 and the bid opening took place on January 30, 2013. Five (5) firms expressed their interest by purchasing the bid package and four (4) bidders submitted their bid proposals prior to the established deadline.

The chart below depicts the result of the bid submittals:

Bidder	Bid Amount	Variance from Gov't. Estimate: \$334,246.20
Smithbridge Guam Inc.	\$473,985.09	\$ 139,738.89
Pro Pacific Builders Corp.	\$497,881.52	\$ 163,635.32
Ian Corp.	\$ 465,009.69	\$ 130,757.49
BME & Sons	\$ 324,400.41	-\$9,845.79

LEGAL REVIEW:

Upon approval of award and bidder's compliance to Performance and Payment Bond requirement, bid submittal documents will be transmitted to Legal Counsel to review and approve construction contract as to form.

FINANCE REVIEW

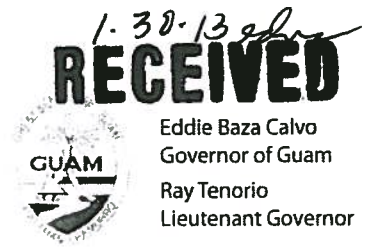
This project is funded under the Capital Improvement Project and is allocated at \$341,000.00. The lowest bid amount of \$324,400.41 represents \$9,845.79 less than government estimate and approved budget.

RECOMMENDATION

Management requests the Board of Directors motion to approve the award to **BME & Sons** in the amount of **\$324,400.41**. BME & Sons, Inc. has been deemed to have met all the requirements set forth in the IFB and is consistent with the Guam Procurement Regulations.



PORT OF GUAM
 ATURIDATI PUETTON GUAHAN
Jose D. Leon Guerrero Commercial Port
 1026 Cabras Highway, Suite 201, Piti, Guam 96925
 Telephone: 671-477-5931/35 Facsimile: 671-477-2689/4445
 Website: www.portguam.com



January 30, 2013

MEMORANDUM

TO: Joanne M. S. Brown
 General Manager

FROM: Alma B. Javier
 Procurement & Supply Manager

SUBJECT: **Evaluation, Analysis and Recommendation**
 Installation of the Motor Operated Valve at Golf Pier Fuel Pipeline
 IFB-PAG-CIP-013-001

Background:

The above referenced IFB was publicly announced on January 9, 2013 in the Marianas Variety. A pre-bid conference was held on January 16, 2013 and site inspection was provided on January 19, 2013. The bid opening took place on January 30, 2013 at 2:00 p.m. at the Board Conference Room.

Five (5) prospective bidders expressed their interest by purchasing and acknowledging receipt of the bid package. Four (4) bidders submitted their bid proposals prior to the established deadline. The bids were opened in the presence of the bidders and read aloud by the Procurement representatives. The results of the bid price submittals are as follows:

Bidder	Bid Amount	VARIANCE From Gov't Estimate (\$334,246.20)	
		\$	%
Smithbridge Guam Inc.	\$473,985.09	\$139,738.89	41%
Pro Pacific Builder Corp.	\$497,881.52	\$163,635.32	48%
Ian Corp.	\$465,009.69	\$130,757.49	39%
BME & Sons	\$324,400.41	-\$9,845.79	-0.03%

Evaluation and Analysis

Pursuant to 5GCA §5211 (g) and as indicated in Section 12 of the Instructions to Bidders of the bid package, the contract is to be awarded to the **lowest responsible, responsive bidder** whose bid meets the requirements and criteria set forth in this Invitation for Bid. To determine the responsibility of bidders and in consistent with §3116 (2) of the Procurement Rules and Regulations, Section 13 of the Instructions to Bidders specified the required documents that bidders must submit with their bid price proposal.

As stated and identified in the bid documents, as well as, re-iterated during the pre-bid meeting, the required documents include, but not limited to: 1) organizational chart that identifies key personnel and sub-contractors; 2) experience and past performance of key staff and sub-contractors in the construction of building and system integration works; 3) listing of available machinery or equipment; 4) valid licenses (contractor's license or certificate of authority) for prime and all of identified sub-contractors or consultants; 5) references that can attest to the bidders' past performances. The purpose of these requirements is to provide us the basis for determining the contractor and its subcontractors the technical capability for undertaking this project which shall deem the bidder responsive and responsible.

A thorough review of all bids was performed and is reflected in the attached Bid Abstract. The findings of our review are as follows:

Smithbridge Guam Inc.: The firm submitted a bid amount of \$473,985.09 which is 41% more than the government estimate and approved budget. The firm provided all the required documentation and references as stipulated in the bid package.

Pro Pacific Builders: The firm submitted a bid amount of \$497,881.52 which is 48% more than the government estimate and approved budget. The firm provided all the required documentation and references as stipulated in the bid package.

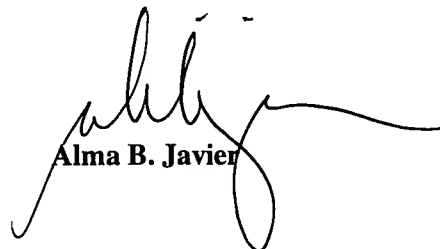
Ian Corp.: The firm submitted a bid amount of \$465,009.69 which is 39% more than the government estimate and approved budget. The firm provided all the required documentation and references as stipulated in the bid package.

BME & Sons: The firm submitted a bid amount of \$324,400.41 which is -.03% less than the government estimate and approved budget. The firm provided all the required documentation and references as stipulated in the bid package.

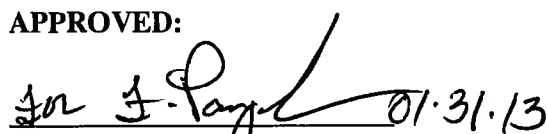
Recommendation:

As a result of our review of the bid documents submitted, BME & Sons, Inc. has been determined to have met the standards of responsibility and responsiveness as outlined in the Guam Procurement Regulations and has been deemed to be the **lowest responsive, responsible bidder**.

Therefore, in accordance to the 3109(n)(2) Guam Procurement Rules and Regulations, the recommendation is to award the contract to **BME & Sons, Inc.** in the amount of **\$324,400.41** for the above referenced project. Should you have any questions in regards to the bid, I am available at your request.


Alma B. Javier

APPROVED:

 01.31.13

Joanne M. S. Brown
General Manager

Opening Date: 30-Jan-13
 Opening Time: 2:00 P.M.

TOTAL BID PRICE

\$ 473,985.09

\$ 497,821.52

\$ 465,009.69

\$ 324,400.41

Jose. Leon Guerrero
 Port Authority of Guam
BID ABSTRACT

DESCRIPTION OF SUPPLIES OR SERVICES: Construction: Installation of MOY	Special Reminder to Prospective Bidders	BID SECURITY (CC - Cashiers LOC - Letter of Credit BB - Bid Bond)	Bid Form	Form 2 Affidavit Discharging Ownership & Commission	Form 3 Affidavit Re Non-Collusion	Form 4 Affidavit Re No Gratuities or Kickbacks	Form 5 Affidavit Re Ethical Standards	Form 6 Declaration Re (Compliance with L.N. DOI Wage Determination	Form 7 Affidavit Re Contingent Fees	Valid Copy of Contractors License	Amendment No. 1	Amendment No. 2	TOTAL BID PRICE
1 Sm: H. bridge Guam Inc. 1:22 pm.	✓	5084059 1522	✓	1/22/13 1/22/13	1/29/13 1/23/13	1/20/13 1/22/13	1/20/13 1/22/13	1/20/13 1/22/13	1/20/13 1/22/13	✓ ✓	✓ ✓	✓ ✓	\$ 473,985.09
2 PRO PACIFIC 1:40 pm.	✓	5084059 1522	✓	1/22/13 1/22/13	1/23/13 1/23/13	1/22/13 1/22/13	1/22/13 1/22/13	1/22/13 1/22/13	1/22/13 1/22/13	✓ ✓	✓ ✓	✓ ✓	\$ 497,821.52
3 IAN CC.P. 1:52 P.M.	✓	5084059 1522	✓	1/20/13 1/20/13	1/20/13 1/20/13	1/20/13 1/20/13	1/20/13 1/20/13	1/20/13 1/20/13	1/20/13 1/20/13	✓ ✓	✓ ✓	✓ ✓	\$ 465,009.69
4 BME & Sons. 1:54 P.M.	✓	5084059 1522	✓	1/24/13 1/24/13	1/24/13 1/24/13	1/24/13 1/24/13	1/24/13 1/24/13	1/24/13 1/24/13	1/24/13 1/24/13	✓ ✓	✓ ✓	✓ ✓	\$ 324,400.41
5													
6													
7													
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9													
10													

Thereby, certify that all bids received in response to this invitation were opened under my personal supervision and that the names of all bidders have been entered herein

Signature: _____ DATE: 1/30/13

TABULATED BY: _____ SIGNATURE: _____ DATE: 1/30/13

BASIS FOR AWARD:
 LOWEST RESPONSIVE BIDDER
 HIGHEST RESPONSIVE BIDDER
 OTHER AWARD

334,244.22

**Port Authority of Guam
Board of Directors Regular Meeting
January 31, 2013**

**Executive Summary
Professional Services for JD Edwards Upgrade of Payroll Module
Sole Source Procurement**

PURPOSE: Request for Board's authorization to approve contract award to Denovo Ventures, LLC for IT Professional Services to perform the JD Edwards System Upgrade on the Payroll Module, under the Sole Source Procurement.

BACKGROUND:

Prior to 1999, the Port was under the CUBIX System operating the human resources data, payroll and accounting system. The IT Division developed in-house programs to integrate the accounts receivable, payable, inventory and tariff data with the Cubix System.

In 1999, in anticipation of the Y2K bug, the Port commissioned AMX International Inc. through a Government-wide procurement to implement the JD Edwards World Software, System A7.3, cum 14 with AS400 i320 server, a product of Oracle. AMX International Inc. was the only local Certified Platinum Oracle Partner licensed to do business in Guam. In September 2012, AMX International was acquired by Denovo Ventures LLC; thus, is now the only local Certified Platinum Oracle Partner licensed in Guam.

The implementation of the new Financial Management System in 1999 was to support and be compatible with the entire Government of Guam's financial management system. JD Edwards World Software is an integrated Financial Management System that includes different modules to run the accounting, accounts payable, receivables, budget, procurement, inventory, work order, payroll, and human resources data management.

The JD Edwards (JDE) Payroll Module is supported by Vertex, a 3rd party tax calculation software using the L series. In late November 2012, JDE has advised all of its users that the support for A7.3 Payroll module will cease effective by January 2014 due to the upcoming Vertex Upgrade to the Q Series.

In December 2012, all Government of Guam JD Edwards and CNMI government users participated in discussions with Denovo Ventures representatives to discuss the issue. It was recommended that the upgrade to the payroll module be planned and coordinated amongst Guam Power Authority, Guam Water Authority, Guam Airport Authority and Port Authority of Guam to save and share the cost of the upgrade planning.

Denovo Ventures has proposed to provide IT professional consulting services to include the initial planning and assessment stage as part of the scope of work. The initial planning and assessment stage will include a 100-day workshop for up to eight (8) participants from Port's personnel. The expected deliverable from this stage will include a High Level Upgrade Plan and estimates the services required to support the JDE Upgrade.

The total cost to engage their services for the planning and assessment stage is shared with other autonomous agencies (GPA, GWA, GLAA) to minimize the cost for each agency. The Port's participation share is \$6,750.00.

The contract award is authorized pursuant to §3112 of the Guam Procurement Regulations, upon determination of Sole Source Procurement. The Determination of Sole Source Procurement is attached for reference.

LEGAL REVIEW: The Professional Service Agreement, Scope of Work (001), Determination of Sole Source Procurement, Oracle Public Sector Certification and license have been forwarded to Legal Counsel for review and approve as to form. Execution of the Service Agreement will follow upon obtaining Board's approval of this award.

FINANCE REVIEW: The cost for Scope of Work 001 is funded under the approved O& M budget for fiscal year 2013, under the Information Technology Division.

RECOMMENDATION

Management requests the Board of Directors motion to approve contract award to **Denovo Ventures LLC** for IT Professional Services beginning with the JD Edwards System Upgrade on the Payroll Module, pursuant to Sole Source Procurement consistent with the Guam Procurement Regulations.

DETERMINATION OF SOLE SOURCE PROCUREMENT

Reference: JD EDWARDS SOFTWARE UPGRADE – PAYROLL MODULE
Vendor: **DENOVO VENTURES, LLC**

As it is important for an organization to automate majority of its operational functions, it is vital that its financial operations are functioning systematically. Prior to 1999, the Jose D. Leon Guerrero Commercial Port (Port) was under the CUBIX System operating its human resources data, payroll and accounting system. Its IT Division developed in-house programs integrating the accounts receivable, payable, tariff data, and inventory with the Cubix System.

In 1999, in anticipation of the Y2K bug, the Port commissioned AMX International Inc. to implement the JD Edwards System A7.3, cum 14 with AS400 i320 server, a product of Oracle. AMX International Inc. was the only local Certified Platinum Oracle Partner licensed to do business in Guam. In September 2012, AMX International was acquired by Denovo Ventures LLC; thus, is now the only local Certified Platinum Oracle Partner licensed in Guam.

The implementation to a new Financial Management System in 1999 was to support and be compatible with the entire Government of Guam's financial management system. JD Edwards World Software is an integrated Financial Management System that includes different modules to run the accounting, accounts payable, receivables, budget, procurement, inventory, work order, payroll, and human resources data management.

The JD Edwards (JDE) Payroll Module is supported by Vertex, a 3rd party tax calculation software using the L series. An advisory was received in late November 2012 that the support for A7.3 Payroll module will cease effective January 2014 due to the upcoming Vertex Upgrade to the Q Series. This opted the need to upgrade the current version to Q Series in order to continue to use the JDE Payroll system. The upgrade to Q Series is compatible with the Enterprise One system that the Port planned to undertake in the future.

The determination for the sole source procurement is based on the following:

1. **Only Certified Provider**
JD Edwards World Software is a product of Oracle. Denovo Ventures is the only Local Certified Platinum Oracle Partner licensed to do business in Guam. Copy of Certification from Oracle is attached for preference.
2. **Compatibility of systems, process and its implementation**
PAG has been using the JDE software as its Financial Management Systems since 1999 and has invested a significant time and money for its implementation, as well as training and the hardware to support the system. It is crucial that the same software is used, otherwise, the system will not work or interface the data.
2. **Methods and applications are standard and uniform to government.**

The Department of Administration, Guam Power Authority, Guam Waterworks Authority and the Guam International Airport Authority have adopted, implemented and have been utilizing the JDE World System since 1999. Through this, these agencies are able to share data when necessary.

In view of the above, it is determined that sole source procurement is in the best interest of PAG and is authorized pursuant to §3112 of the Guam Procurement Regulations. Therefore, I respectfully request your concurrence and approval to the above determination for a sole source procurement process in acquiring the IT Professional Services for the JD Edwards System Upgrade.

Requesting Division:

Recommended by:

Sooja Suk
Systems Manager

Alma B. Javier
Procurement & Supply Manager
Acting Corporate Services Manager

Concurred and Approved:

JOANNE M.S. BROWN
General Manager

January 3, 2013

Port Authority of Guam
Sooja Suk, Systems Manager
1026 Cabras Highway, Suite 201
Piti, Guam 96915

Sooja,

This document will serve as the Sole Source Letter requested for the following Requisition:

Statement of Work (001) Professional Consulting Services - JD Edwards Upgrade Planning

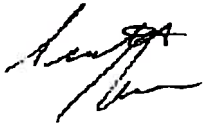
In the past the Port Authority of Guam has worked with AMX International Inc. as the only local Certified Platinum Oracle Partner licensed to do business in Guam. AMX was acquired by Denovo LLC, as of September 16 2012, therefore Denovo is now the only Local Certified Platinum Oracle Partner licensed to do business in Guam. Oracle Platinum Partner Information can be found for Denovo at <http://solutions.oracle.com/partners/denovo>. When you arrive at the site simply use the partner name "Denovo" in the "search by keyword" field and you can review our Oracle certification status.

Denovo is one of a limited number of partners Certified to present Oracle's JD Edwards Upgrade in 100 Days Workshop which will be delivered to the Port as part of this engagement.

Thank you for this opportunity to be of service to the Port. We look forward to assisting you.

Please contact Marce Ahrenberg at 559-970-7655 if you have any questions or if we can be of service to you in any other way.

Best regards,



Scott Sears
Senior Director
www.Denovo-us.com
509-526-4269 Office
206-310-0882 Cell

September 27, 2012

Guam Port of Authority
Attn: Sooja Suk, Systems Manager
Information Technology
1026 S. Cabras Highway, Suite 201
Piti, Guam 96915

Dear Ms. Suk,

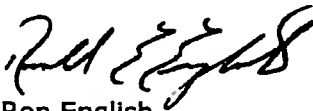
I am pleased to notify you that effective Thursday, September 13, 2012, Denovo Ventures LLC, a Colorado Limited Liability Company (Denovo) and AMX International, Inc. (AMX) completed the sale of AMX's assets to Denovo. Included was their contract with you for providing IT professional services. The consultants assigned to work on your account will continue to support you now as Denovo consultants, so we do not anticipate any impact to the level or quality of service you previously received.

I appreciate you verbally approving assignment so we could proceed with the transaction. As your contract calls for written consent, if you would execute the attached "Assignment Consent" authorization, we will be in compliance with the Terms and Conditions.

Scott Sears, former VP Sales at AMX, will now have responsibility for Denovo's Public Sector Business Unit which represents our largest customer group. In this capacity he will be your executive champion here at Denovo with the responsibility to ensure your needs are met and our performance meets or exceeds your expectations and our commitments. Marce Ahrenberg will continue to be your account executive and your internal champion here at Denovo. They will be introducing other members of the Denovo team in the coming weeks as appropriate.

Marce will be following up with your team to ensure the necessary administrative changes are made. But, if you have any questions or I can be of service in any way, please do not hesitate to contact me directly.

Best regards,



Ron English
CEO

www.Denovo-us.com
949.365.5835 Office
949.291.9437 Cell

January 7, 2013

Port Authority of Guam
Sooja Suk, Systems Manager
1026 Cabras Highway, Suite 201
Piti, Guam 96915

Sooja,

Per your request we are providing you with a letter of explanation regarding the JD Edwards World software upgrade professional services that we are offering the Port Authority of Guam.

As we have discussed during the past several months the Port Authority of Guam must make plans to upgrade your current JD Edwards World software from the current A7.3 release to the A9.3 release in order for your JD Edwards payroll module to function properly after December 31, 2013. Denovo is offering professional upgrade planning services for the Port Authority of Guam that are outlined in the Statement of Work that we have provided specific to this services engagement.

Our team will be led by Scott Sears, Senior Director of Denovo, a Certified Public Accountant. A copy of Mr. Sears CPA certification is provided with this letter along with a copy of his Oracle Public Sector Certification. Additional team members who will participate in this engagement include Rich Maurer, Denovo Director of Professional Services and Marce Ahrenberg, Denovo Senior Account Executive.

We have already provided your organization with a Master Services Agreement and a Statement of Work that are to be approved by the Port Authority of Guam along with a Sole Source Letter as our documentation for this professional services engagement to provide the Port Authority of Guam with justification for these services.

If you have any questions regarding this documentation please contact:

Marce Ahrenberg, Senior Account Executive

mahrenberg@denovo-us.com

559-970-7655

Best regards,



Scott Sears

Senior Director

www.Denovo-us.com

509-526-4269 Office



MASTER SERVICES AGREEMENT

This MASTER SERVICES AGREEMENT ("Agreement"), effective as of this 21 day of December, 2012 ("Effective Date"), is between Denovo Ventures, LLC doing business as Denovo ("Denovo") a Colorado Limited Liability Company, and Port Authority of Guam, a duly organized and validly existing Corporation or LLC ("Client").

BACKGROUND STATEMENT

This Agreement provides the standard general terms and conditions under which Denovo will provide to Client certain Services (professional consulting, managed services, enterprise hosting), as the parties may agree from time to time in Statements of Work under this Agreement. Changes to Denovo's standard general terms and conditions set forth in this Agreement may only be made pursuant to an Addendum that properly amends this Agreement as set forth in Section 12.7 below.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Client and Denovo agree as follows:

ARTICLE 1 – DEFINITIONS

1.1 Definitions. As used in this Agreement the following terms shall have the respective meanings set forth therein. Other terms used in this Agreement are defined in the context in which they are used and shall have the meanings therein indicated.

"Access" shall mean the enjoyment of physical and legal use and the right to access and use, copy, modify, make derivative works and enhance a specified item of Client-Provided Materials.

"Agreement" shall have the meaning set forth in the introductory paragraph.

"Agreement Term" shall have the meaning set forth in Section 2.1.

"Client" shall have the meaning set forth in the first paragraph of the Agreement.

"Client Account Representative" shall have the meaning set forth in Section 5.1.

"Client-Provided Materials" shall have the meaning specified in Section 3.4.

"Client Responsibilities" shall have the meaning set forth in Section 3.4.

"Confidential Information" shall have the meaning set forth in Section 7.1.

"Consent" shall mean consents, waivers, permits, clearances, approvals, rights and other authorizations.

"Dispute" shall have the meaning set forth in Section 5.3.

"Effective Date" shall have the meaning set forth in the first paragraph of the Agreement.

"Facility Resources" shall have the meaning set forth in Section 3.4.

"Fees" shall have the meaning set forth in Section 4.1.

"Initial Term" shall have the meaning set forth in Section 2.1.

"Losses" shall mean losses, liabilities, damages, actions, claims, costs and expenses (including reasonable attorneys' fees and disbursements).

"Denovo" shall have the meaning set forth in the first paragraph of the Agreement.

"Denovo Account Representative" shall have the meaning set forth in Section 5.2.

"Denovo Background Materials" shall have the meaning set forth in Section 3.5.

"Party" shall mean each of Denovo and Client, as signatories to this Agreement.

"Parties" shall mean Denovo and Client, as signatories to this Agreement.

"Person" shall mean any corporation, limited liability company, association, partnership, joint venture, organization, individual, business or trust or any other entity or organization of any kind or character, including a court or other governmental authority.

"Proprietary Items" shall have the meaning set forth in Section 3.5.

"Renewal Term" shall have the meaning set forth in Section 2.2.

"Services" shall have the meaning set forth in Section 3.1.

"Statement of Work" shall have the meaning set forth in Section 3.1.

"Work Product" shall mean the software modifications, enhancements and interfaces, together with the related specifications, design documents, flow charts, documentation, training manuals, reports and other similar tangible work product specified in the Statement of Work to be developed by Denovo specifically for Client pursuant to this Agreement.

ARTICLE 2 – TERM; RENEWAL

2.1 Term. The term of this Agreement shall commence on the Effective Date. Unless earlier terminated in accordance with the provisions of this Agreement, the term of this Agreement shall continue until the fifth-year anniversary of the Effective Date (the "Initial Term"). Notwithstanding the foregoing, if one or more Statements of Work are effective immediately prior to the expiration or termination of the Agreement, then this Agreement shall remain in full force and effect with respect to such Statements of Work until such time as those Statements of Work expire or are terminated.

2.2 Renewal. Upon expiration of the Initial Term, the term of this Agreement shall automatically renew for successive one year periods (each, a "Renewal Term") unless a Party gives the



other Party at least 120 days prior written notice of its election to have this Agreement not to renew. The Initial Term of this Agreement, together with any such Renewal Terms, is referred to herein as the "Agreement Term."

ARTICLE 3 - SERVICES

3.1 Services. Denovo shall provide to Client professional consulting services, managed services or enterprise hosting services (the "Services") as the Parties may agree to in writing from time to time. Any such agreement of the Parties for the provision of Services will be separately specified in a statement of work (each, a "Statement of Work"), which shall (i) incorporate the terms of this Agreement by reference and include such matters as project scope, schedule, deliverables and price. In the event of a conflict or inconsistency between the terms of this Agreement and a Statement of Work, this Agreement shall control, except that with respect to the description of the Services and associated fees, the applicable Statement of Work, addendum, exhibit attachment and/or schedule hereto shall govern and control.

3.2 Third-Party Services. Client agrees that Denovo may utilize Amazon Web Services, LLC's computing and data storage services, as part of Denovo's service to Client, upon written authorization by Client.

3.3 Advice. It is understood and agreed that the Services may include advice and recommendations, but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, Client.

3.4 Service Levels. Denovo shall apply diligent efforts to provide the Services in accordance with the service levels defined in the applicable Statement of Work. Denovo will provide the Services in accordance with, but subject to the limitations, exclusions and assumptions contained in this Agreement and the applicable Statement of Work.

3.5 Client Responsibilities.

(a) **General.** Client shall perform the tasks and responsibilities assigned to it in this Agreement, including the applicable Statement of Work (collectively, the "Client Responsibilities"). In addition, Client shall be responsible for providing leadership and for making the internal changes required to achieve the business objectives and benefits defined in the business case set forth in the applicable Statement of Work, including modification of current business practices, policies and procedures. Client will be responsible for (i) acceptance/sign-off of Denovo deliverables, (ii) its use of the Denovo deliverables and (iii) ensuring that the deliverables meet Client's policies and business requirements and comply with laws and regulations.

(b) **Client's Failure to Perform.** With respect to each Statement of Work, Client agrees that Denovo's performance of Services under this Agreement depends in substantial part on Client's timely and effective satisfaction of Client Responsibilities, which may include provision of Facility Resources and Client-Provided

Materials, and on Client's timely decisions and approvals. Accordingly, Client acknowledges that any material delay by Client may result in Denovo being released from an obligation or scheduled deadline.

(c) **Technology and Facility Resources; Client-Provided Materials.**

(i) **Client-Provided Materials.** In order to carry out its responsibilities under this Agreement, Denovo will need Access to such products and extensions and to such other hardware, software, databases, data and data communications that are owned by or licensed to Client as specified in the Statement of Work ("Client-Provided Materials"). Unless otherwise specified in the Statement of Work, Client shall be administratively and financially responsible for obtaining any Consents necessary for Denovo to Access each item of Client-Provided Materials. Denovo shall provide reasonable assistance to Client in obtaining such Consents. Any costs to Client that are associated with its carrying out these responsibilities are not included in the Fees and will be the responsibility of Client. Denovo shall comply with restrictions on its Access of Client-Provided Materials that are identified to, and acknowledged by, Denovo. Denovo shall Access these Client-Provided Materials solely for the purposes of providing Services to Client. Client retains responsibility for its contractual obligations with respect to Client-Provided Materials.

(ii) **Facility Resources.** Each Statement of Work shall specify the Client (and third party if applicable) resources required to perform the Services (e.g., access to office equipment and services, office space, furniture, normal office equipment and support, computer resources, telephone service, facsimile machines, photocopy machines and other reasonable facilities and supplies relating to the services, heating, air conditioning, electricity, water, security and maintenance services) ("Facility Resources"). Unless otherwise stated in this Agreement, Client shall be responsible for all costs required to provide and maintain the Facility Resources. Denovo may use the Facility Resources solely to provide the Services.

3.6 Intellectual Property.

(a) **License to Work Product.** Denovo hereby grants to Client a non-exclusive, royalty-free, worldwide, perpetual, non-transferable license to use, reproduce and modify the Work Product prepared for delivery to the Client hereunder for the Client's internal business purposes. This license is contingent upon Client's full and final payment to Denovo hereunder. Such use for internal business purposes shall include use of the Work Product to interface with Client's customers for purposes of the procurement by such customers of products and services from Client. The foregoing license rights are subject to the terms of this Section 3.5 and Section 7.1

of this Agreement. The Parties shall cooperate and execute such other documents as may be appropriate to achieve the objectives of this Section 3.5(a).

- (b) **Proprietary Materials.** Denovo has created, acquired or otherwise has rights in, and may, in connection with the performance of Services hereunder, employ, provide, modify, create, or acquire or otherwise obtain rights in various concepts, ideas, methods, methodologies, procedures, processes, know-how and techniques, templates, the generalized features of the structure, sequence and organization of software, user interfaces and screen designs, general purpose consulting and software tools, utilities and routines, and logic, coherence and methods of operation of systems (collectively, the "Denovo Background Materials"). To the extent that Denovo uses Denovo Background Technology or any of its other intellectual property or property (collectively, "Proprietary Items") in connection with the performance of the Services, Denovo shall retain all right, title and interest in and to such Proprietary Items, and, except for the license expressly granted in Section 3.5(a) above, Client shall acquire no right, title or interest in or to such Proprietary Items or the Work Product.

- 3.7 Infringement Indemnity.** If Client promptly notifies Denovo in writing of a third party claim against Client that any Work Product infringes a presently existing United States copyright or constitutes misappropriation or unlawful disclosure or use of a third-party's trade secrets, Denovo will defend such claim at its expense and will pay any costs or damages that may be finally awarded by a court of competent jurisdiction against Client. Denovo will not indemnify Client, however, if the claim of infringement is caused by (i) Client's misuse or modification of the deliverables in a manner that causes the infringement; (ii) Client's use of the deliverables in combination with any hardware, software or information not owned or developed by Denovo; (iii) Client's failure to use corrections or enhancements to such deliverables made available by Denovo, (iv) Client's distribution, marketing or use for the benefit of third parties of such deliverables or (v) information, specifications, software or materials provided by Client or a third party. If any deliverable constituting a portion of the Work Product is, or in Denovo's judgment is likely to become, the subject of an Infringement Claim, Denovo, at its expense and option, shall either (a) procure the right for Client to continue using it, (b) replace it with a noninfringing equivalent, (c) modify it to make it noninfringing, or (d) direct the return of the Work Product and refund to Client the fees paid for such Work Product less a reasonable amount for Client's use of the Work Product up to the time of return.
- THE FOREGOING CONSTITUTES CLIENT'S SOLE AND EXCLUSIVE REMEDY AND DENOVO'S ENTIRE LIABILITY WITH RESPECT TO INFRINGEMENT CLAIMS.**

ARTICLE 4 – PAYMENT FOR SERVICES AND EXPENSES

- 4.1 Fees.** Each Statement of Work shall set forth the fees (the "Fees") for the Services to be provided thereunder.

- 4.2 Expenses.** Client shall reimburse Denovo for all reasonable out-of-pocket expenses incurred by Denovo in performing the Services hereunder (including, without limitation, all reasonable travel, meal, lodging and mileage expenses) in accordance with Denovo's standard expense policies.

- 4.3 Invoices.** Denovo shall submit periodic invoices to Client. Each invoice shall contain reasonable detail of the Fees and expenses specified therein, including Statement of Work reference numbers and, when applicable, the number of hours spent by Denovo personnel in providing the Services during the period invoiced. Payment terms are net 30 days from date of invoice.

- 4.4 Method of Payment; Finance Charges.** All amounts to be paid to Denovo under this Agreement shall be paid in U.S. dollars by federal wire transfer to the account or accounts designated by Denovo from time to time or by such other method as is mutually determined by the Parties. Invoices for which payment is not received within 30 days of the invoice date shall accrue a late charge of the lesser of (i) 1-1/2% per month or (ii) the highest rate allowable by law, in each case compounded monthly to the extent allowable by law.

- 4.5 Taxes.** Except for federal, state or local income taxes solely based on the income earned by Denovo, Client shall be responsible for all taxes in connection with this Agreement including any sales, use, excise, value-added, services, consumption and other taxes and duties assessed on the provision of Services by Denovo to Client, on Denovo's charges to Client under this Agreement, and on any goods or Services used or consumed by either Party in connection with the provision of Services under this Agreement.

ARTICLE 5– CONTRACT ADMINISTRATION

- 5.1 Client Account Representative.** Client shall appoint one individual (the "Client Account Representative") to coordinate the performance of Client's obligations under, and to act as Client's representative regarding, this Agreement. The Client Account Representative will have the authority on behalf of Client to decide all questions of a day-to-day nature that may arise under this Agreement. Client may replace the person serving as the Client Account Representative at any time by giving written notice to Denovo. Client acknowledges and agrees that Denovo's performance is dependent upon the timely and effective satisfaction of Client's responsibilities hereunder and timely decisions and approvals of Client in connection with the Services. Denovo shall be entitled to rely on all decisions and approvals of Client made by the Client Account Representative.
- 5.2 Denovo Account Representative.** Denovo shall appoint one individual (the "Denovo Account Representative") to coordinate the performance of Denovo's obligations under, and to act as Denovo's representative regarding, this Agreement. The Denovo Account Representative will (i) serve as the single point of accountability for the Services and (ii) have the authority on behalf of Denovo to decide all questions of a day-to-day nature that may arise under this Agreement. Denovo may replace the person serving as the



Denovo Account Representative at any time by giving written notice to Client.

5.3 Dispute Resolution. In the event of any dispute or claim arising under or in connection with this Agreement, including a dispute regarding an alleged breach of this Agreement, one Party shall notify the other Party in writing of the dispute (the "Dispute"). The Parties shall work together in good faith first to informally resolve the Dispute internally by escalating it as necessary to progressively higher levels of management. If the Parties cannot resolve the Dispute internally, the Parties shall use a mutually agreed alternative dispute resolution process before resorting to the courts and litigation. The alternative dispute resolution process shall be non-binding, and shall extend from the date of notification of the Dispute through the 60th day following a Party's written notification to the other Party of the first Party's intent to use such process. The Parties are permitted to terminate this Agreement during the Dispute only in accordance with the terms of this Agreement. Except to the extent actually prevented by the Dispute, both Parties shall continue performing their respective obligations under this Agreement while the dispute is being resolved unless and until this Agreement expires or is terminated in accordance herewith. The provisions of this Section 5.3 will not be construed to prevent a Party from (i) seeking a temporary restraining order or injunctive or other equitable relief in connection with alleged or actual infringement or misappropriation of intellectual property rights or misuse of proprietary or Confidential Information, or (ii) instituting litigation or other appropriate proceedings to the extent necessary to avoid the expiration of any applicable limitations period or to preserve a superior position with respect to other creditors. Nothing in this Section 5.3 shall limit either Party's right to terminate this Agreement pursuant to Article 11.

ARTICLE 6– EMPLOYMENT MATTERS

- 6.1 Denovo Staffing.** Denovo shall assign personnel to Client account that possess the training, education, expertise and skill levels appropriate for the Services to be provided by such personnel. Denovo reserves the right to determine which of its personnel shall be assigned to perform services, and to replace or reassign such personnel during the Agreement Term; provided, however, that Denovo, subject to scheduling and staffing considerations, shall use good faith efforts to honor Client's request for or lawful objection to specific individuals.
- 6.2 Client Staffing.** Client shall assign personnel to the performance of Client Responsibilities who possess the appropriate training, education, expertise and skill levels to perform such Client Responsibilities. Client reserves the right to determine which of its personnel shall be assigned to perform Client Responsibilities, and to replace or reassign such personnel during the Agreement Term; provided that, Client shall ensure that the performance by such personnel of Client Responsibilities does not adversely affect the ability of Denovo to perform its obligations under this Agreement.
- 6.3 Non-solicitation.** Denovo and Client agree not to solicit for employment, offer employment to or employ the other Party's

employees, agents, or subcontractors who performed services hereunder during the term of this Agreement and for a period of 12 months following expiration or termination of this Agreement except as may be agreed to in writing by both Parties. If either Party violates the foregoing restriction, as the breaching Party's sole obligation and the non-breaching Party's sole and exclusive remedy, the breaching Party will pay the non-breaching Party 2 times the solicited employee's current annual salary.

6.4 Client's Workplace Policies. Client shall provide advance written copies of, and Denovo shall use commercially reasonable efforts to cause its employees and subcontractors to comply with, Client's standard workplace security, administrative, safety and other policies applicable to each Client facility where Denovo is providing Services.

ARTICLE 7 – CONFIDENTIALITY

7.1 Confidential Information. To the extent that, in connection with this Agreement, either Party comes into possession of any proprietary or confidential information of the other Party ("Confidential Information"), such Party agrees to use the Confidential Information of the other Party solely for the purposes of this Agreement, and will not disclose such Confidential Information to any third party without the consent of the other Party. The terms of this Agreement shall also be considered Confidential Information. Each Party shall maintain the Confidential Information of the other Party in confidence using at least the same degree of care as it employs in maintaining in confidence its own proprietary and confidential information, but in no event less than a reasonable degree of care. Confidential Information shall not include information that (i) is or becomes publicly available other than by breach of this Agreement, (ii) was disclosed to the receiving Party on a non-confidential basis from a source other than the disclosing Party, which the receiving Party reasonably believes is not prohibited from disclosing such information as a result of an obligation in favor of the disclosing Party, (iii) is developed by the receiving Party independent of and without reference to any Confidential Information, or was known by the receiving Party prior to any disclosure of such information made by the disclosing Party, in each case as evidenced by the receiving party's written records, or (iv) is disclosed with the written consent of the owner of the confidential information. Notwithstanding the above, the receiving Party shall not be in violation of this confidentiality obligation with regard to a disclosure that was in response to a valid order of a court of competent jurisdiction, administrative agency or governmental body, or by any law, rule or regulation, or by subpoena, summons or any other administrative or legal process, or by applicable regulatory or professional standards, provided that the receiving Party provides the disclosing Party with reasonably prior written notice of such disclosure in order to permit the disclosing Party to seek confidential treatment of such information.

ARTICLE 8-- REPRESENTATIONS AND WARRANTIES

- 8.1 Representations.** Each of Denovo and Client represents and warrants to the other that the following statements made by it are true and correct as of the Effective Date:
- (a) **Due Organization.** Denovo is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Colorado. Client is a corporation or limited liability company duly incorporated/organized, validly existing and in good standing under the laws of its state of incorporation/organization;
 - (b) **Authority; Non-Contravention.** Such Party has all requisite power and authority to enter into this Agreement and to perform its obligations hereunder, and the execution of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by such Party.
- 8.2 No Other Warranties.** THIS IS A SERVICES AGREEMENT. DENOVO WARRANTS THAT IT WILL PERFORM SERVICES HEREUNDER IN GOOD FAITH AND IN A PROFESSIONAL MANNER. DENOVO DISCLAIMS ALL OTHER WARRANTIES, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. CLIENT'S EXCLUSIVE REMEDY FOR ANY BREACH OF THIS WARRANTY SHALL BE FOR DENOVO, UPON RECEIPT OF WRITTEN NOTICE, TO USE DILIGENT EFFORTS TO CURE SUCH BREACH, OR, IF SUCH EFFORTS FAIL, THE RETURN OF FEES ACTUALLY PAID BY CLIENT FOR THE SPECIFIC SERVICES UNDER THE STATEMENT OF WORK GIVING RISE TO SUCH BREACH.

ARTICLE 9-- INDEMNIFICATION

- 9.1 General Indemnity.** The Parties shall have the following general indemnity obligations:
- (a) Each Party shall indemnify, defend and hold harmless the other and its officers, directors, members, managers, employees, subcontractors and agents from and against any and all taxes, interest, penalties and fines imposed by any governmental agency that are such Party's responsibility hereunder.
 - (b) Denovo shall indemnify, defend and hold harmless Client and its officers, directors, members, managers, employees, subcontractors and agents from and against any and all Losses arising from claims by third parties relating to bodily injury or death of any person or damage to real and/or tangible personal property directly caused by the gross negligence or willful misconduct of the Denovo, its personnel or agents in connection with the performance of the Services.
 - (c) Client shall indemnify, defend and hold harmless Denovo and its officers, directors, members, managers, employees, subcontractors and agents from and against any and all Losses arising from claims by third parties relating to bodily injury or death of any person or damage to real and/or tangible personal property directly caused by the gross negligence or willful

misconduct of the Client, its personnel or agents in connection with the performance of the Services.

- 9.2 Procedure.** To receive any indemnities specified in this Agreement, the Party seeking indemnification must promptly notify the other Party in writing of a claim or suit and provide reasonable cooperation (at the indemnifying Party's expense) and full authority to defend or settle the claim or suit. The indemnifying Party shall have no obligation to indemnify the indemnified Party under any settlement made without the indemnifying Party's written consent.

ARTICLE 10-- LIMITATION OF LIABILITY

- 10.1 Limitation of Liability.** EXCEPT FOR INDEMNIFICATION CLAIMS AND MATTERS RELATING TO BREACHES OF SECTION 3.5 (INTELLECTUAL PROPERTY) AND/OR ARTICLE 7 (CONFIDENTIALITY), IF EITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY MATTER RELATING TO OR ARISING FROM THIS AGREEMENT OR A STATEMENT OF WORK HEREUNDER, WHETHER BASED UPON AN ACTION OR CLAIM IN CONTRACT, WARRANTY, EQUITY, NEGLIGENCE, INTENDED CONDUCT OR OTHERWISE, THE AGGREGATE AMOUNT OF DAMAGES RECOVERABLE AGAINST THE LIABLE PARTY WITH RESPECT TO ANY AND ALL BREACHES, PERFORMANCE, NONPERFORMANCE, ACTS OR OMISSIONS HEREUNDER WILL NOT EXCEED THE AGGREGATE AMOUNT OF FEES ACTUALLY PAID BY CLIENT TO DENOVO UNDER THE STATEMENT OF WORK PURSUANT TO WHICH DENOVO IS PERFORMING THE SERVICES GIVING RISE TO SUCH BREACH.
- 10.2 Exclusion of Certain Damages.** IN NO EVENT SHALL EITHER PARTY OR ITS PERSONNEL BE LIABLE FOR CONSEQUENTIAL, SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR EXEMPLARY DAMAGES, COSTS, EXPENSES, OR LOSSES (INCLUDING, WITHOUT LIMITATION: LOST PROFITS; OPPORTUNITY COSTS; COST OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES, GOODWILL, USE, OR DATA; DAMAGES RELATED TO UNANTICIPATED OR UNSCHEDULED DOWNTIME OF ALL OR A PORTION OF THE SERVICES; LOSSES DUE TO ANY UNAUTHORIZED ACCESS TO, ALTERATION OF, OR THE DELETION, DESTRUCTION, DAMAGE, LOSS OR FAILURE TO STORE ANY CONTENT OR OTHER DATA.). NOR SHALL THEY BE LIABLE FOR ANY CLAIM OR DEMAND AGAINST THE OTHER PARTY BY ANY THIRD PARTY EXCEPT AS OTHERWISE SPECIFICALLY STATED HEREIN. THE PROVISIONS OF THIS SECTION SHALL APPLY REGARDLESS OF THE FORM OF ACTION, DAMAGE, CLAIM, LIABILITY, COST, EXPENSE, OR LOSS, WHETHER IN CONTRACT, STATUTE, TORT (INCLUDING, WITHOUT LIMITATION, NEGLIGENCE), OR OTHERWISE.
- 10.3 Limitation on Actions.** No action, regardless of form, arising under or relating to this Agreement, may be brought by either Party more than one year after the cause of action has accrued, except that an action for non-payment may be



brought by a Party not later than one year following the date of the last payment due to such Party hereunder.

10.4 Insurance. Each Party will determine the types and amounts of insurance coverage it requires in connection with this Agreement, and neither Party is required to obtain insurance for the benefit of the other Party, including business interruption insurance. Each Party will pay all costs and receive all benefits under policies arranged by it.

10.5 Subcontractor Liability. The exclusions and limitations of liability under this Article 10 will operate to the benefit of Denovo's subcontractors under this Agreement to the same extent that such provisions operate to the benefit of Denovo. Any limitations of liability hereunder will be computed for Denovo and its subcontractors in the aggregate. Denovo's subcontractors shall be deemed third-party beneficiaries of this Article 10.

ARTICLE 11- TERMINATION

11.1 Termination for Cause. Either Party may after giving at least 30 days prior written notice identifying specifically the basis for such notice and referring to this Section 11.1, terminate this Agreement for the material breach by the other Party of a material term of this Agreement unless the breaching Party cures such breach within such 30-day period; provided, however, Denovo may terminate this Agreement and all outstanding Statements of Work at any time upon notice to Client if an outstanding invoice is not paid within 45 days after its applicable due date.

11.2 Termination Upon Insolvency. Denovo may immediately terminate any or all Statements of Work or this Agreement if Client ceases to do business as a going concern; becomes insolvent, bankrupt or the subject of a receivership; is unable to pay its debts as they become due; makes an assignment for the benefit of its creditors or enters into an arrangement with creditors in lieu thereof; authorizes, applies for or consents to the appointment of a trustee or liquidator of all or a substantial part of its assets or has proceedings seeking such an appointment commenced against it which are not terminated within 90 days of such commencement; or has any substantial part of its property subjected to any levy, seizure, assignment or sale for, or by any creditor or governmental agency without said levy, seizure, assignment or sale being lifted, released, reversed or satisfied within 10 days.

11.3 Survival of Provisions. Upon the expiration or termination of this Agreement for any reason, the provisions of Articles 7, 8, 9, and 10, and the provisions of Section 3.5, 3.6, 5.3, 6.3 and any other sections that by their terms survive termination of this Agreement, shall survive indefinitely.

ARTICLE 12- MISCELLANEOUS

12.1 Force Majeure. Except for the payment of money, neither Party shall be liable for any delays or other non-performance resulting from circumstances or causes beyond its reasonable control, including, without limitation, acts or omissions of the other Party or third parties, fire or other casualty, act of God, strike or labor dispute, war or other violence, or any law, order or requirement of any governmental agency or authority.

12.2 Independent Contractor. Each Party is an independent contractor, and neither Party is, nor shall represent itself to be, an agent, partner, fiduciary, joint venturer, co-owner or representative of the other.

12.3 No Third Party Beneficiaries. Except as provided in Section 10.5, nothing contained in this Agreement is intended to confer upon any Person (other than the Parties hereto, the Indemnities specifically identified in Article 9, and the subcontractors identified in Article 10) any rights, benefits or remedies of any kind or character whatsoever, and, except as otherwise specifically stated herein, no Person shall be deemed a third party beneficiary under or by reason of this Agreement.

12.4 Non-Exclusivity. This Agreement shall not preclude or limit in any way the right of Denovo (i) to provide consulting or other services of any kind or nature whatsoever to any individual or entity as Denovo in its sole discretion deems appropriate, or (ii) to develop for itself or for others, materials that are competitive with those produced as a result of the services provided hereunder, irrespective of their similarity to the Work Product.

12.5 Notice. Wherever under this Agreement one Party is required or permitted to give notice to the other Party, such notice shall be in writing and shall be delivered personally, sent by facsimile transmission, sent by nationally recognized express courier or sent by certified mail (return receipt requested). Any such notice shall be deemed given when actually received and shall be addressed as follows:

If to Client:

Port Authority of Guam

1026 Cabras Highway, Suite 201

Piti, Guam 96915

Attention: Arden Bonto

Direct: 671-477-5913, ext 348

If to Denovo:

Denovo
6328 Monarch Park Place
Niwot, CO 80503
Attention: Legal Department
Email: legal-notices@denovo-us.com

With a copy to:

Ireland Stapleton Pryor & Pascoe, PC
1675 Broadway, Suite 2600
Denver, Colorado 80202
Attention: Michael R. Miller
Email: mmiller@irelandstapleton.com

Either Party may change its address for notices upon giving written notice of the change to the other Party in the manner provided above.

Denovo

12.6 Assignment. Except as provided below, neither Party may assign, subcontract, transfer or delegate any of the rights or obligations hereunder without the prior written consent of the other Party. Denovo may, upon notice to Client, subcontract or delegate its obligations and responsibilities hereunder without Client's prior consent; provided, however, that Denovo shall remain responsible for the performance of the Services and shall not be relieved of its obligations hereunder. Notwithstanding the foregoing, either Party may assign this Agreement, without the consent of the other Party to an entity that has acquired all or substantially all of the assigning Party's assets as a successor to the business.

12.7 Amendment. This Agreement may not be modified or amended except by an Addendum or other written instrument executed by or on behalf of each of the Parties to this Agreement which specifically states that it amends this Agreement.

12.8 Waiver. The failure of either Party to insist upon strict performance of any of the provisions contained in this Agreement shall not constitute a waiver of its rights as set forth in this Agreement, at law or in equity, or a waiver of any other provisions or subsequent default by the other Party.

12.9 Entire Agreement. This Agreement, including any addenda, exhibits, attachments and Schedules, constitutes the entire agreement between Denovo and Client with respect to the subject matter hereof and supersedes all other oral and written representations, understandings or agreements relating to this Agreement.

12.10 Governing Law; Jurisdiction. This Agreement, shall be governed by, and construed in accordance with, the laws of the State of Colorado (without giving effect to the choice of law principles thereof). If any provision of this Agreement is found by a court of competent jurisdiction to be unenforceable, such provision shall not affect the other provisions, but such unenforceable provision shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the Parties set forth in this Agreement. Each Party hereby irrevocably consents and waives any objection to the

personal jurisdiction and venue of the state and federal courts for the City and County of Denver, Colorado.

12.11 Construction. The article and section headings and the table of contents contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. As used in this Agreement, unless otherwise provided to the contrary, (i) all references to days, months or quarters shall be deemed references to calendar days, months or quarters, and (ii) any reference to a "Section," "Article," "Exhibit" or "Schedule" shall be deemed to refer to a section or article of this Agreement or an exhibit or schedule to this Agreement. Unless the context otherwise requires, as used in this Agreement, all terms used in the singular shall be deemed to refer to the plural as well, and vice versa. The words "hereof," "herein" and "hereunder" and words of similar import referring to this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." References in this Agreement to "\$" shall be deemed a reference to United States dollars unless otherwise specified. References to "this Agreement" include each Statement of Work entered by the Parties pursuant to this Agreement.

12.12 Inconsistencies. To the extent that the provisions of this Agreement and those of any Statement of Work, addendum, exhibit, attachment or schedule hereto are in any respect inconsistent, the provisions of this Agreement shall govern and control, provided that with respect to the description of the Services and associated fees, the applicable Statement of Work, addendum, exhibit attachment and/or schedule hereto shall govern and control.

12.13 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement binding on the Parties, notwithstanding that both Parties are not signatories to the original or the same counterpart. A facsimile or other electronic copy of a signature on this Agreement shall be acceptable as and deemed to be an original signature.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives effective as of the date first above written.

DENOVO:

Signature Block
Name:
Title:
Date:

PORT AUTHORITY OF GUAM:

Signature Block
Name:
Title:
Date:



**STATEMENT OF WORK (001) (PROFESSIONAL CONSULTING SERVICES)
JD EDWARDS UPGRADE PLANNING**

This STATEMENT OF WORK (the "Statement of Work") is entered into in connection with and pursuant to the provisions of the Master Services Agreement (the "Agreement") of this 21 day of December 2012 between Denovo Ventures, LLC doing business as Denovo ("Denovo") and Port Authority of Guam ("Client"). Capitalized terms shall have the respective meanings assigned to such terms in the Agreement unless otherwise defined herein.

Pursuant to Section 3.1 of the Agreement, Denovo and Client desire to enter this Statement of Work for the performance by Denovo of certain professional consulting services, which are described herein. Such services shall be provided by Denovo pursuant to the terms and conditions set forth herein and the Agreement.

Effective Date: December 21, 2012

Delivery Period: February 2013

PROJECT SCOPE

This project is designed to provide education and the deliverables listed below to the Port Authority of Guam to help them plan their upgrade from World 7.3 to the most current World 9.3 release. The upgrade of Oracle's JD Edwards World software is a mission critical issue because the current release (7.3) will not operate properly after December 31, 2013. Denovo will lead representatives from Port of Guam through an educational workshop that outlines Oracle's upgrade methodology, conduct a detail planning workshop to develop a high level project plan to support the upgrade and deliver a Statement of Work including professional services estimates to lead Port Authority of Guam through their upgrade of Oracle's JD Edwards World software.

PROJECT DELIVERABLES

1. JD Edwards Upgrade in 100 Days Workshop – Denovo will lead the JD Edwards Upgrade in 100 Days Workshop on Monday, February 4th for up to eight (8) participants from Port Authority of Guam. The duration of the workshop is approximately eight (8) hours and will be delivered at an off-site location. Denovo will provide workshop materials for each attendee approximately two (2) weeks before the scheduled event.
2. Detailed Upgrade Planning – Denovo will meet with key project team members of Port Authority of Guam to complete detailed upgrade planning activities. This meeting will be conducted on, Friday, February 8th or another mutually agreeable date during the week of February 4th.
3. High Level Upgrade Plan – As a result of the detailed upgrade planning in deliverable number 2, Denovo will create a high level upgrade project plan to support the JD Edwards upgrade
4. Upgrade Estimate – As a result of the detailed upgrade planning in deliverable number 2, Denovo will create a recommended services estimate to support the JD Edwards upgrade.
5. Statement of Work for the Upgrade – As a result of the detailed upgrade planning in deliverable number 2, Denovo will create a Statement of Work to support the JD Edwards upgrade.
6. Deliverable Review – Denovo will conduct a review session with the Port Authority of Guam executive team responsible for the JD Edwards upgrade.

STATEMENT OF WORK ASSUMPTIONS

1. This is a fixed fee engagement.
2. Travel expenses will not be charged as part of this engagement
3. Denovo has collaborated with four JD Edwards's customers in Guam (GPA, GWA, GIAA and PAG) to coordinate the upgrade planning activities outlined in this Statement of Work. The pricing for this engagement is based on all four of the agencies participating in the upgrade which helps lower costs for each agency. Presently GPA, GWA, GIAA and PAG have all agreed to conduct the upgrade planning activities outlined in this engagement during the week of February 4th. By accepting this Statement of Work Port of Guam agrees to participate in the required activities of this engagement without changing the schedule unless changes are coordinated and approved by Denovo. If all four (4) agencies do not commit to the engagement then Denovo reserves the right to

cancel the scheduled event and reorganize it based on the agencies that commit to the project.

SCHEDULE

During the week of February 4, 2013 the following activities have been planed:

1. Monday, February 4th – Oracle's JD Edwards Upgrade in 100 Day Workshop
2. Friday, February 8th or another mutually agreeable date during the week of February 4th. – Detailed Upgrade Planning at Port Authority of Guam.
3. A deliverable review session will be schedule during the Detailed Upgrade Planning meeting. The deliverable review session completes the engagement.

PAYMENT

The total cost for this engagement is \$6,750.00. A purchase order for the full amount of the engagement will be issued at the time of contract signing. When deliverables one is complete from the Project Deliverables section Port Authority of Guam will be invoiced \$3,375.00 against the purchase order. When deliverables two through six are complete Denovo will issue an invoice for the final \$3,375.00 payment.

Statement of Work (001) for Port Authority of Guam.

IN WITNESS WHEREOF, the parties have caused this Statement of Work to be executed by their duly authorized representatives.

DENOVO:

PORT AUTHORITY OF GUAM:

Signature Block
Name:
Title:
Date:

Signature Block
Name:
Title:
Date:



Specialized. Recognized by Oracle.
Preferred by Customers.

This certifies that

scott sears

has demonstrated the requirements to be

Oracle Public Sector Specialist Assessment

on the date of

16 October 2010

A handwritten signature in black ink, appearing to read "J. Althoff", written over a horizontal line.

Judson Althoff
Senior Vice President
Worldwide Alliances and Channels and Embedded Sales

ORACLE

THE BOARD OF EXAMINERS UNIVERSITY OF ILLINOIS

by authority of the Board of Trustees
awards the certificate of

Certified Public Accountant

to

Scott Stuart Sears

Having passed the examination and fulfilled all requirements
prescribed by the Illinois Public Accounting Act in the State of Illinois.

Issued this day June 9, 2000

Certificate Number

77,039

Margaret A. Carver
Robert L. Fitzmaurice
Richard E. Zigler
Gunnar S. Andersen
Selwin E. Criss
Harry J. Fish



John R. Rogers
John Beck
George J. Wilson
Dorothy L. Wilson
Executive Director of the Board of Examiners
James J. Atwood
President of the University
Michael M. Thompson
Secretary of the Board of Trustees



DEPARTMENT OF REVENUE AND TAXATION
 GOVERNMENT OF GUAM
 PO Box 23607
 Barrigada, Guam 96921
 www.guamtax.com

BUSINESS LICENSE

EXPIRES:

ACCOUNT NO

FEE

PENALTY

TOTAL FEE

ISSUED TO

DOING BUSINESS AS

TYPE OF LICENSE

BUSINESS LOCATION

MAILING ADDRESS

TELEPHONE HOME

BUSINESS

PAID

AUG 31 2012

TREASURER OF GUAM
#7

KEEP POSTED IN A CONSPICUOUS PLACE
 LICENSE MUST BE PRODUCED UPON
 DEMAND TO ANY AUTHORIZED GOVT
 OFFICIAL

John P. Camacho

DIRECTOR OF REVENUE AND TAXATION



DEPARTMENT OF REVENUE AND TAXATION
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AUG 31 2012

TREASURER OF GUAM
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 OFFICIAL

John P. Camacho

DIRECTOR OF REVENUE AND TAXATION

Gregorio D. Leon Guerrero Commercial Port
PORT AUTHORITY OF GUAM
2-YEAR COMPETITIVE PROCUREMENT PLAN

FISCAL YEAR 2013

METHOD	SOLICITATION TYPE	PROJECT TITLE/DESCRIPTION	REQUESTING OFFICE	ESTIMATED ISSUANCE	PROPOSED TERM	CONTRACT VALUE (EST.) PER ANNUM	TTL TERM	FUNDING SOURCE	COMPLIANCE	
									PL 30-72	PUC
IFB	Construction	Installation of MOV at Golf Pier Fuel Pipelines	CIP	January 2013	thru completion		\$ 300,000	O&M	NO	NO
GSA/IFB	Equipment Purchase	Compressors for Admin Building A/C System	Facilities	January 2013	thru completion		80,000	O&M	NO	NO
GSA/IFB	Equipment Purchase	Various Air Conditioning Units & Parts/Supplies	Facilities	January 2013	thru completion		30,000	O&M	NO	NO
GSA/IFB	Equipment Purchase	Harbour Crane Part/Supply - Bearing Unit	Facilities	January 2013	thru completion		16,000	O&M	NO	NO
GSA/IFB	Equipment Purchase	Cargo & Vehicle Detection/Screening Machine	Planning	January/February 2013	thru completion		1,525,790	PSGP/DHS	YES	YES
GSA/IFB	Insurance	Workers Compensation Insurance Coverage	Corporate	January/February 2013	pro-rated		250,000	O&M	NO	NO
RFP	Professional Services	Real Estate Appraisal Services	Commercial	February 2013	5 yrs	\$ 40,000	200,000	O&M	NO	NO
RFP	Professional Services	Architectural/Engineering Services	CIP	February 2013	1 - 5 years		-	O&M	NO	NO
IFB	Construction	Warehouse 1, CMU and Column Repairs	CIP	February/March 2013	thru completion		300,000	CIP Local	NO	NO
GSA/IFB	Equipment Purchase	Emergency Back-Up Generators	Facilities/Planning	March 2013	thru completion		850,000	PSGP/DHS	YES	NO
IFB	Construction	Agat Marina Dock "A" Repairs	Planning/CIP	March/April 2013	thru completion		250,000	NOAA Fisheries	NO	NO
IFB	Construction	Upgrade of Power System for IT Office	CIP	March-April 2013	thru completion		100,000	CIP Local	NO	NO
GSA/IFB	Supply/Srvcs	Trash Collections Services	Facilities	April/May 2013	one year		200,000	O&M	NO	NO
IFB	Construction	Service Life Extension (SLE): Wharf Repairs	CIP	June/July 2013	thru completion		5,500,000	Loan Proceeds	YES	YES
RFP	Professional Services	SLE: Financial Management Systems Upgrade	Finance/Corp	June/July 2013	thru completion		2,500,000	Loan Proceeds	YES	YES
GSA/IFB	Equipment	SLE: Acquisition of Cargo Handling Equipment	Operations	June/July 2013	thru completion		2,000,000	Loan Proceeds	YES	YES
GSA/IFB	Supply/Srvcs	Port Insurance Coverages - Renewal	Finance/Corp	June/July 2013	one year		2,500,000	O&M	YES	YES

FISCAL YEAR 2014

METHOD	SOLICITATION TYPE	PROJECT TITLE/DESCRIPTION	REQUESTING OFFICE	ESTIMATED ISSUANCE	PROPOSED TERM	CONTRACT VALUE (EST.) PER ANNUM	TTL TERM	FUNDING SOURCE	COMPLIANCE	
									PL 30-72	PUC
IFB	Construction	Electrical Work for Additional 56 Reefer Outlets	CIP	November/Dec 2012	thru completion		\$ 850,000	CIP Local	YES	NO
IFB	Construction	Electrical Work for Reefer Lights Installation	CIP	November/Dec 2012	thru completion		75,000	CIP Local	NO	NO
IFB	Construction	Agat Marina Loading Dock Structural Repair	CIP	Jan/February 2013	thru completion		200,000	CIP Local	NO	NO
IFB	Construction	Port Police Security Upgrade	CIP	Jan/February 2013	thru completion		200,000	CIP Local	NO	NO
IFB	Construction	Renovations to Harbor Refuge	CIP/Planning	March-April 2014	thru completion		200,000	BIG Grant	NO	NO
IFB	Construction	Marinas Sewage Pump Station Upgrade	CIP/Planning	March-April 2014	thru completion		60,000	Federal Grant	NO	NO
IFB	Construction	Container Yard Storm Drain Channel Repairs	CIP	April/May 2013	thru completion		600,000	CIP Local	YES	NO
IFB	Construction	Automatic Transfer Switch for LC2 & LC3	CIP	April/May 2013	thru completion		100,000	CIP Local	NO	NO
IFB	Construction	Repair/Upgrade Perimeter Fence	CIP	June/July 2014	thru completion		200,000	CIP Local	NO	NO
RFP	Professional Services	Terminal and Gate Operating Systems	Corp/Finance	To be Determined			7,000,000	TBD	YES	YES

**Port Authority of Guam
Board of Directors Regular Meeting
January 31, 2013**

Executive Summary

**Owner's Agent/Engineering Services
Parsons Brinckerhoff – Amendment No. 4**

PURPOSE: Request for Board's approval to extend the contract term of the Owner's Agent/Engineering Services.

BACKGROUND:

The Owner's Agent/Engineer (OAE) contract was awarded to Parsons Brinckerhoff (PB) as a result of competitive solicitation. The contract term is for a period of one (1) year effective February 18, 2009, with options for contract extension up to four (4) terms of one (1) year each. The attached amendment no. 3, reflects the last term extension covering the period of February 18, 2012 through February 17, 2013.

As the extended contract term is expected to expire by February 17, 2013, and the contract provisions allow for one (1) last extension of the contract, it is in the best interest of Port to exercise its option to extend the term for one (1) year period. Through contract extension, the Port will have continuity of services in fully implementing the existing Task Orders and/or projects particularly those that are funded by the Office of Economic Adjustment. The benefits of extending the contract term for another period includes: 1) high and large service requirement, including substantial continuity of performance over a longer period of time will result in lower unit prices, 2) stabilization of the contractor's work force over a longer period of time provides consistent quality of work; 3) phase-in/phase-out cost during transition period resulting from changeover of service contractors are minimize or reduce; and 4) the ability and opportunity to take advantage of the available federal grant award; therefore, such benefits best serves to be in the best interest of the Port.

The attached worksheet lists all the Task Orders that has been authorized and approved. Majority of these Task Orders are federal funded projects that posed no burden to the Port's O&M Budget. PB's work performance and contract obligations have been satisfactory to the Port and in numerous times; PB has shared their talent and expertise to Port's staff at no cost.

LEGAL REVIEW: Upon Board's approval, Amendment No. 4 will be drafted for Legal Counsel's review, finalization and execution of both parties.

FINANCE REVIEW

Funding for these services will be dependent on the specific project and funding source for such specific project. Each Task Order to be issued under this contract will be subject to negotiation of fees, budget constraints and shall be certified for availability of funds by the Controller.

RECOMMENDATION

Management requests the Board of Directors motion to authorize Management to exercise its option to renew PB's contract term for one (1) year period covering February 18, 2013 through February 17, 2014, for the Owner's Agent Engineering Services.



Task Order Status Report

Tuesday, January 08, 2013

PARSONS
BRINCKERHOFF

Task Order	Firm	Task Order Value	% Complete	Estimated Expenditure	Invoice Amount	Amount Paid	Amount Due	Status	Comments
TO1 - Kick-off & Implementation Plan	PB	\$404,120.00	100%	\$404,120.00	\$404,120.00	\$404,120.00	\$0.00	Closed	
TO2 - Participation in Industry Forum III	PB	\$34,000.00	100%	\$34,000.00	\$34,000.00	\$34,000.00	\$0.00	Closed	
TO3 - Permit Preparation Trip to Guam	PB	\$11,967.00	100%	\$11,967.00	\$11,967.00	\$11,967.00	\$0.00	Closed	
TO4 - Prepare Permit Applications	PB	\$132,686.00	100%	\$132,686.00	\$132,686.00	\$132,686.00	\$0.00	Open	
TO5 - Review of JGPO PDEIS Documents	PB	\$79,245.00	100%	\$79,245.00	\$79,245.00	\$79,245.00	\$0.00	Closed	
TO6 - Hydrosurvey	PB	\$152,411.00	100%	\$152,411.00	\$152,411.00	\$152,411.00	\$0.00	Closed	
TO7-1 - Consultations on PMC Solicitation	PB	\$35,625.24	100%	\$35,625.24	\$35,625.24	\$35,625.24	\$0.00	Closed	
TO7-2 - Consultations on PMC Solicitation	PB	\$196,617.66	100%	\$196,617.66	\$196,617.66	\$196,617.66	\$0.00	Closed	
TO7-4 - PMC Advertisement Support	PB	\$15,652.57	100%	\$15,652.57	\$15,652.57	\$15,652.57	\$0.00	Closed	
TO8 - Master Plan Approval Documents	PB	\$114,017.00	100%	\$114,017.00	\$114,017.00	\$114,017.00	\$0.00	Closed	
TO8-1 - Master Plan Approval Documents - Leg Hearings	PB	\$34,313.00	100%	\$34,313.00	\$34,313.00	\$34,313.00	\$0.00	Closed	
TO8-2 - Master Plan Approval Documents - Leg Hearings	PB	\$37,483.00	100%	\$37,483.00	\$37,483.00	\$37,483.00	\$0.00	Closed	
TO9 - Terminal Analysis - Dev & Oper Plan	PB	\$442,764.00	100%	\$442,764.00	\$442,764.00	\$442,764.00	\$0.00	Closed	
TO10 - Truck Gates and TOS Specifications	PB	\$231,935.00	100%	\$231,935.00	\$231,935.00	\$231,935.00	\$0.00	Closed	
TO11-1 - On-call Consultations and Services (Feb-May)	PB	\$69,767.69	100%	\$69,767.69	\$69,767.69	\$69,767.69	\$0.00	Closed	11-2 DEDUCTION OF BALANCE \$19,232.31
TO12 - Port Capacity Building	PB	\$750,000.00	65%	\$487,500.00	\$472,036.69	\$472,036.69	\$0.00	Open	
TO13 - Financial Feasibility Update	PB	\$102,751.91	100%	\$102,751.91	\$102,751.91	\$102,751.91	\$0.00	Closed	13-2 REDUCED TO ACTUAL COSTS \$19,058.09



Task Order Status Report

Tuesday, January 08, 2013

PARSONS
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Task Order	Firm	Task Order Value	% Complete	Estimated Expenditure	Invoice Amount	Amount Paid	Amount Due	Status	Comments
TO14 Aquatic Ecology - Mapping & Characterization	PB	\$77,362.00	100%	\$77,362.00	\$77,362.00	\$77,362.00	\$0.00	Closed	Base of \$70,529 plus Amendment 1 \$6,833
TO15 Aquatic Ecology - Water Quality Surveys	PB	\$92,085.00	100%	\$92,085.00	\$92,085.00	\$92,085.00	\$0.00	Closed	Base of \$78,358 plus Amendment 1 \$(283). Deduction.
TO16 Aquatic Ecology - EFH & Sampling	PB	\$141,719.00	100%	\$141,719.00	\$141,719.00	\$141,719.00	\$0.00	Closed	
TO17 Dredge Disposal & Reclamation Planning	PB	\$6,064.82	100%	\$6,064.82	\$6,064.82	\$6,064.82	\$0.00	Closed	17-2 \$163,616.18 deduction to actual costs
TO18 Dredge Sediment Test/Characterization	PB	\$17,794.31	100%	\$17,794.31	\$17,794.31	\$17,794.31	\$0.00	Closed	18-2 deduction of \$372,738.69 to actuals
TO19 Terrestrial Ecology Survey	PB	\$89,256.00	100%	\$89,256.00	\$89,255.00	\$89,255.00	\$0.00	Closed	
TO20 Geotechnical, Geology & Seismic Services	PB	\$785,391.00	100%	\$785,391.00	\$785,391.00	\$785,391.00	\$0.00	Closed	
TO21 ESA Phase 1	PB	\$64,254.00	100%	\$64,254.00	\$64,253.00	\$64,253.00	\$0.00	Closed	
TO22 Dredge Sediment Coring Samples	PB	\$4,935.61	100%	\$4,935.61	\$4,935.61	\$4,935.61	\$0.00	Closed	22-2 deduction to actuals \$179,421.39
TO23 Topographic Survey	PB	\$348,741.00	100%	\$348,741.00	\$348,741.17	\$348,741.17	(\$0.17)	Closed	
TO23-2 On-Call Topographic Survey	PB	\$285,898.00	90%	\$257,308.20	\$231,846.27	\$231,846.27	\$0.00	Open	
TO23-3 Wetland Delineation	PB	\$140,880.80	100%	\$140,880.80	\$140,841.80	\$140,841.80	\$0.00	Closed	LOT 427 Closed
TO24 UKO Survey	PB	\$67,590.00	100%	\$67,590.00	\$67,590.00	\$67,590.00	\$0.00	Closed	
TO25 Washington DC Trip Services	PB	\$32,831.00	100%	\$32,831.00	\$32,831.00	\$32,831.00	\$0.00	Closed	
TO26 ARRA Grant Application Services	PB	\$102,002.00	100%	\$102,002.00	\$102,002.00	\$102,002.00	\$0.00	Closed	
TO26-1 USDA Loan Application Preparation Services	PB	\$85,062.00	100%	\$85,062.00	\$85,062.00	\$85,062.00	\$0.00	Closed	
TO26-3 TIGER II Support Services	PB	\$18,046.54	100%	\$18,046.54	\$18,046.54	\$18,046.54	\$0.00	Closed	26-4 deduction to actuals \$31,953.46



Task Order Status Report

Tuesday, January 08, 2013

PARSONS
BRINCKERHOFF

Task Order	Firm	Task Order Value	% Complete	Estimated Expenditure	Invoice Amount	Amount Paid	Amount Due	Status	Comments
TO27 Environmental Studies	PB	\$548,373.23	100%	\$548,373.23	\$548,373.23	\$548,373.23	\$0.00	Closed	LOT 427 Closed
TO28 Project Management	PB	\$3,274,193.35	92%	\$3,012,257.88	\$3,083,641.61	\$2,983,749.72	\$99,891.89	Open	28-3,4 is a reduced budget due to TO 32. To 28-5 \$259,920, 28-9 \$420,609
TO29-1 Civil and Utilities Design	PB	\$1,119,819.53	100%	\$1,119,819.53	\$1,119,819.53	\$1,119,819.53	\$0.00	Closed	
TO29-2 Security & Communications Design	PB	\$164,713.70	100%	\$164,713.70	\$164,713.70	\$164,713.70	\$0.00	Closed	
TO29-3 Terminal Buildings Design	PB	\$1,036,523.47	100%	\$1,036,523.47	\$1,036,518.47	\$1,036,518.47	\$0.00	Closed	
TO29-4 Marine Design 30%	PB	\$1,500,947.00	98%	\$1,470,928.06	\$1,283,380.12	\$1,283,380.12	\$0.00	Open	
TO29-5 TOS, GOS & Satellite IT Procurement Planning	PB	\$360,235.00	95%	\$342,223.25	\$287,162.34	\$287,162.34	\$0.00	Open	
TO29-6 Fuel Line Relocation Design	PB	\$83,258.78	100%	\$83,258.78	\$83,258.78	\$83,258.78	\$0.00	Closed	29-6 deduction to actuals \$66,724.22
TO29-7 Security Integration	PB	\$380,629.00	96%	\$365,403.84	\$288,235.60	\$286,285.24	\$1,950.36	Open	
TO30 - JGPO Construction Cargo Forecast	PB	\$313,255.00	100%	\$313,255.00	\$313,255.00	\$313,255.00	\$0.00	Closed	
TO31 - REPLACE/UPGRADE PORT'S CRANE SYSTEM	PB	\$339,133.00	99%	\$335,741.67	\$331,862.72	\$331,862.72	\$0.00	Open	31.1+\$55,501.65 31.2 +\$26,569 (31.2)
TO32 - Organizational Structure & Procedures Manual	PB	\$319,993.00	100%	\$319,993.00	\$319,993.00	\$319,993.00	\$0.00	Closed	
TO33 - ESA Phase II	PB	\$1,159,118.00	99%	\$1,147,526.82	\$1,004,544.20	\$1,001,326.72	\$3,217.48	Open	
TO34 - Structured Maintenance-Yard Equipment	PB	\$49,968.00	95%	\$47,469.60	\$24,183.51	\$0.00	\$24,183.51	Open	
TO35 - OAE Going Forward	PB	\$623,360.63	89%	\$554,790.96	\$520,395.22	\$449,095.45	\$71,299.77	Open	NTP based on grant date
		\$16,478,789.84		\$15,776,458.14	\$15,282,550.14	\$15,082,007.30	\$200,542.84		

Office of Economic Adjustment (OEA)
Grant Award GR0706-11-12

Funding Assistance Table

Technical Assistance Description		Apr 2011 - Sept 2012	Oct 2012 - Dec 2013
1	Review of Phase IA Drawings, Specifications and Construction Solicitations	20,000.00	50,000.00
2	NEPA, Construction Permitting, Waterfront Operational Sustainability Assistance	-	25,000.00
3	MARAD and PMT Mobilization Assistance	25,000.00	25,000.00
4	PMC Contract Implementation Assistance	-	25,000.00
5	Equipment and System Procurement Technical Support	115,000.00	250,000.00
6	Cabras Island Coordination Assistance	30,000.00	25,000.00
7	Early Phase IA Implementation Planning, Construction Monitoring and Coordination	75,000.00	50,000.00
8	Stakeholders Communication	-	300,000.00
9	Updates to Cargo Forecasts, Program Strategy, FFFA and PUC Tariff Adjustments	500,000.00	50,000.00
10	Moderization Program Adjustment Planning	-	400,000.00
Subtotal Anticipated Expenditures		- \$ 770,000.00	\$ 1,200,000.00
Amended Grant Total		- \$ 1,970,000.00	

AMENDMENT NO. 3

CONSULTANT AGREEMENT OWNER'S AGENT / ENGINEERING SERVICES

This **AMENDMENT No. 3** to Consultant Agreement for Owner's Agent/Engineering Services is made by and between the **JOSE D. LEON GUERRERO COMMERCIAL PORT** (hereafter referred to as the "**PORT**"), whose address is 1026 Cabras Highway, Suite 201, Piti, Guam 96925 and **PARSONS BRINCKERHOFF, INC.**, (hereinafter referred to as "**AGENT**") whose mailing address is 590 South marine Drive, GITC Bldg. Suite 808, Tamuning, Guam 96911.

WITNESSETH

WHEREAS, the **PORT**, after engaging in a competitive procurement process through Request for Proposal (RFP) No. PAG-09-001, in accordance with the Guam Procurement Laws (Title 5, Guam Code Annotated, Chapter 5) and Regulations (Volume 2, Guam Administrative Regulations, Division 4), has awarded this Agreement to **AGENT** as the best qualified offeror; and

WHEREAS, on February 18, 2009, the **PORT** and **AGENT** entered into a Consultant Agreement for Owner's Agent/Engineering Services (hereinafter referred to as '**AGREEMENT**') in which the **AGENT** agreed to provide the **PORT** technical services and to assist the **PORT** in meeting its objectives with respect to Modernization Program as outlined in the required services of the referenced RFP; and

WHEREAS, on successive years, the **PORT** and **AGENT** have mutually executed Amendments No. 1 and 2, providing extensions of the term of the **AGREEMENT** for an additional year respectively; and

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, the **PORT** and **AGENT** desires to amend the **AGREEMENT** to reflect the following:

1. Section II. Term of Agreement: This Section is hereby amended to reflect an additional extension to the term of the agreement for a one (1) year period covering **February 18, 2012 through February 17, 2013.**

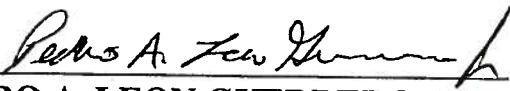
IN WITNESS WHEREOF, the parties hereto have executed this amendment to the **AGENT AGREEMENT** for Owner's/Agent Engineering Services by their signatures on the dates as written below:

Amendment No. 03
PB, Inc. Contract, RFP-09-001

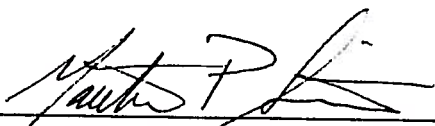
JOSE D. LEON GUERRERO
COMMERCIAL PORT
Port Authority of Guam

AGENT:

PARSONS BRINCKERHOFF, INC.

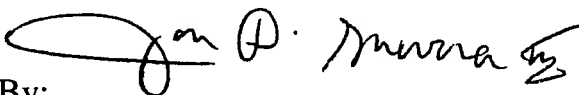
pl
By: 
PEDRO A. LEON GUERRERO, JR.
General Manager

Date: 1/31/2012

By: 
MATTHEW P. SMITH, P.E.
Project Manager

Date: 1/9/2012

CERTIFICATION OF FUNDS:

By: 
JOSE B. GUEVARA III
Financial Affairs Controller

Date: 1/31/2012

FY-13 PERSONAL INJURIES

(10/01/12 to 09/30/13)

01/31/2013

<u>Divisions</u>	<u>*Lost-time</u>	<u>**Recordable</u>	<u>***Refused Treatment</u>
Stevedoring	0	1	1
Transportation	0	3	0
Terminal	0	0	0
EQMR	0	0	1
Others	<u>0</u>	<u>0</u>	<u>2</u>
Total	0	4	4

Summary for FY-2013 (to date):

Personal Injuries = 8 recorded
0 - Lost-time
4 - Recordable
4 - Refused Medical Attention

***Lost-time** = If an employee was injured on the job and medical doctor sent him/her home, his/her injury is considered a lost-time.

****Recordable** = If an employee was injured on the job and medical doctor treated him/her and released him/her back to work on the same day (Recordable because of medical charges).

*****Refused Medical Attention:** Filed WC Forms 201 & 202 for record purposes only.

Last disabling work injury (Lost-time)date was: 09/04/2012

Number of Days since Last Disabling Work Injury: 150

Port Authority of Guam

FY-13(10-2012 to 09-2013)

01/31/2013

FY-13 Industrial Accidents Scoreboard

<u>Divisions</u>	<u>Crane</u>	<u>Tractor</u>	<u>Forklift</u>	<u>MV</u>
Stevedoring	1	0	0	0
Transportation	1	1	1	0
Terminal	0	0	0	0
EQMR	0	0	1	0
Others	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	2	1	1	0

Summary for FY-2013 (to date):

Industrial Accidents: Four (4) industrial accidents reported and investigated.

**PORT AUTHORITY OF GUAM
(A COMPONENT UNIT OF
THE GOVERNMENT OF GUAM)**

**FINANCIAL STATEMENTS AND
ADDITIONAL INFORMATION AND
INDEPENDENT AUDITORS' REPORT**

SEPTEMBER 30, 2012 AND 2011

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Port Authority of Guam:

We have audited the accompanying statements of net assets of the Port Authority of Guam (the Authority), a component unit of the Government of Guam, as of September 30, 2012, and the related statements of revenues, expenses and changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Authority as of and for the year ended September 30, 2011 were audited by other auditors whose report, dated January 26, 2012, expressed an unqualified opinion.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated _____ on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating expenses and summary of salaries and wages on pages 33 through 37 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 2012 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2012 financial statements or to the 2012 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2012 schedules of operating expenses and summary of salaries and wages are fairly stated in all material respects in relation to the 2012 financial statements as a whole. The 2011 schedules of operating expenses, summary of salaries and wages, and employees by department were subjected to auditing procedures by other auditors whose report, dated January 26, 2012, referred to above, stated such schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements. The 2012 schedule of employees by department on page 38 is presented for the purpose of additional analysis and is not a required part of the 2012 basic financial statements. Such 2012 information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis
September 30, 2012 and 2011

The following Management's Discussion and Analysis (MD&A) of the Port Authority of Guam (PAG, Port, Authority) provides an overview of the activities and financial performance for the fiscal years ended September 30, 2012 and 2011. The information contained in this MD&A has been prepared by management and should be considered in conjunction with the financial statements and the accompanying notes which follow this section and are integral to the data contained in the financial statements.

ABOUT THE AUTHORITY

The Port Authority of Guam was established as a public corporation and an autonomous agency of the Government of Guam by Public Law 13-87 in October 1975. The Port operates the only commercial seaport in the Territory and, as the primary seaport in Micronesia, serves as a transshipment point for the entire Western Pacific region. It operates the largest U.S. deepwater port in the region and currently handles about 2 million tons of cargo a year. The Port owns 5 cargo-handling piers along with two fuel piers and three marinas. The cost of operations and capital improvements are funded largely from the Authority's own revenues.

The Authority is presided over by five board members appointed by the Governor of Guam with the advice and consent of the Legislature. The Board of Directors appoints the General Manager and Deputy General Manager who are responsible for maintenance, operation and development of the Port and the Authority's business affairs.

With over 90% of the region's goods and supplies passing through its doorways, the Port's impact on the quality and sustenance of life for residents of the region cannot be overstated. As Guam can only produce limited amounts of food and products on the island, the Port is truly the life link between the region and the rest of the world.

The Authority is dedicated to providing full services to ocean vessels in support of loading and unloading cargo from Guam and Micronesia. The Port Authority of Guam is the main lifeline of consumer goods into the island, and as such, recognizes its responsibility to deliver these goods in a timely manner. In support of this mission, the Port Authority also provides land and infrastructure to private interests to further develop the maritime industries on Guam. As a public corporation, the Authority dedicates all of its profits to the upgrading of equipment and facilities and the continued growth of the island's seaport.

FINANCIAL HIGHLIGHTS

- The net assets of the Authority as of September 30, 2012 are \$71.2 million. Of this amount, \$62.2 million is invested in capital assets and \$9.0 million is considered unrestricted.
- The Port's net assets increased by \$2.0 million for fiscal year ended September 30, 2012.
- The Port's total assets increased by \$1.4 million during the fiscal year ended September 30, 2012. The major component of this change was an increase in current assets by \$365 thousand and an increase in capital assets by \$1 million.
- The total liabilities decreased by \$636 thousand during fiscal year ended September 30, 2012. The major component of this change was due to decrease in accounts payable trade of \$605 thousand.

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis
September 30, 2012 and 2011

- Since Fiscal Year 2003, the Port's finances have shown an increase in net assets for 10 straight years.

Overview of Financial Statements

The Authority's basic financial statements consist of the following: 1) statements of net assets, 2) statements of revenues, expenses, and changes in net assets, 3) statements of cash flows and 4) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

The statements of net assets present information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statements of revenues, expenses, and changes in net assets present information showing how the Authority's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Financial Analysis

The largest portion of the Authority's net assets (88%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets, and excluding any outstanding debt proceeds. The Authority uses these assets to provide services to its customers; consequently these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Authority's net assets represents resources that are unrestricted net assets which may be used to meet the Authority's ongoing obligations to employees and creditors.

A summarized comparison of the Port's assets, liabilities, and net assets at September 30 is as follows:

Condensed Statements of Net Assets
(In thousands)

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$16,350	\$15,983	\$14,439
Capital assets	<u>65,456</u>	<u>64,406</u>	<u>61,374</u>
Total assets	<u>\$81,806</u>	<u>\$80,389</u>	<u>\$75,813</u>

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis
September 30, 2012 and 2011

Condensed Statements of Net Assets
(In thousands)

<u>LIABILITIES AND NET ASSETS</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current liabilities	\$ 5,982	\$ 6,445	\$ 7,884
Other non-current liabilities	<u>4,591</u>	<u>4,764</u>	<u>1,248</u>
Total liabilities	<u>10,573</u>	<u>11,209</u>	<u>9,132</u>
Net assets:			
Invested in capital assets	62,255	61,051	61,375
Unrestricted	<u>8,978</u>	<u>8,129</u>	<u>5,306</u>
Total net assets	<u>71,233</u>	<u>69,180</u>	<u>66,681</u>
Total liabilities and net assets	<u>\$ 81,806</u>	<u>\$80,389</u>	<u>\$75,813</u>

The Authority's total assets increased by \$1.4 million during the fiscal year ended September 30, 2012, from \$80.4 million in FY 2011 to \$81.8 million in FY 2012.

The increases were primarily due to the increases in the Port's current assets by \$365 thousand or 2% and property, plant and equipment by \$1 million or 2%. Total liabilities decreased by \$636 thousand or 6% from \$11.2 million in FY 2011 to \$10.6 million in FY2012. This was primarily due to the decrease in Port's current liabilities. The net assets increased by \$2 million during the fiscal year ended September 30, 2012. Net assets invested in capital assets net of related debt increased by \$1.2 million and unrestricted net assets increased by \$849 thousand.

Key elements of this increase are identified in the following schedule of changes in net assets and related explanations.

Revenues, Expenses, and Changes in Net Assets
(In thousands)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating revenues:			
Cargo throughput charges	\$ 23,785	\$ 23,605	\$ 24,281
Wharfage charges	4,089	3,939	4,131
Equipment and space rental	6,893	7,453	7,365
Special services	359	368	382
Other operating revenue	<u>121</u>	<u>485</u>	<u>397</u>
Total operating revenue	<u>35,247</u>	<u>35,850</u>	<u>36,556</u>
Operating expenses:			
Operations	9,205	9,191	8,014
Equipment maintenance	5,266	5,609	5,753
Facility maintenance	1,500	1,468	1,343
Management and administration	8,762	8,236	7,936
General expenses	<u>6,445</u>	<u>7,416</u>	<u>8,472</u>
Total operating expenses before depreciation	<u>31,178</u>	<u>31,920</u>	<u>31,518</u>

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis
September 30, 2012 and 2011

Revenues, Expenses, and Changes in Net Assets, Continued
(In thousands)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating income before depreciation	4,069	3,930	5,038
Depreciation	<u>3,720</u>	<u>3,351</u>	<u>2,808</u>
Operating income	349	579	2,230
Nonoperating expenses, net	<u>2,000</u>	<u>2,491</u>	<u>1,245</u>
(Loss) earnings before capital contributions	(1,651)	(1,912)	985
Capital contributions-US Government Grants	<u>3,703</u>	<u>4,413</u>	<u>6,077</u>
Increase in net assets	2,052	2,501	7,062
Net assets at beginning of the year	<u>69,181</u>	<u>66,680</u>	<u>59,618</u>
Net assets at end of year	<u>\$ 71,233</u>	<u>\$ 69,181</u>	<u>\$ 66,680</u>

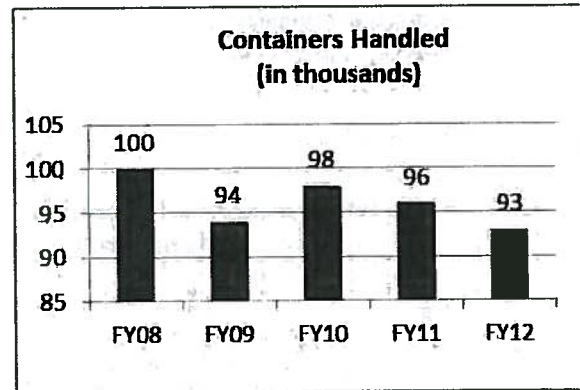
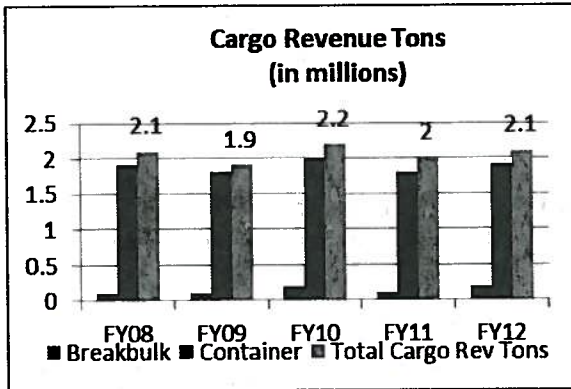
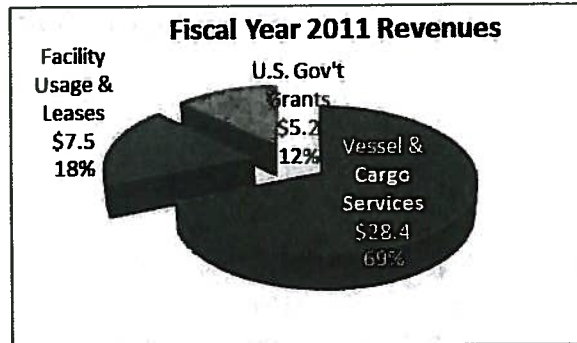
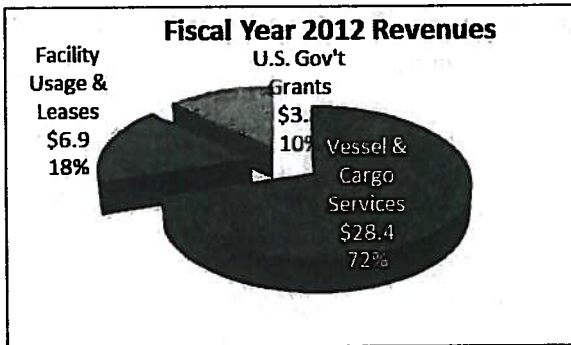
Revenues

- PAG Docket 11-1, Terminal Tariff #1 was approved by the PUC on January 11, 2012 and rates were implemented on March 1, 2012. The petition increased majority of the tariff rates by 3.95%.
- Vessel and cargo services revenues in FY2012 decreased by \$43 thousand. This was due to decreased total containers handled of 3 thousand or 3%, from 96 thousand containers in FY 2011 to 93 thousand containers in FY 2012. Due to the tariff increases, the impact on vessel and cargo revenues resulting from a decrease in the number of containers handled was minimal.
- Facility usage and leases decreased by 8% or \$560 thousand, from \$7.45 million in FY 2011 to \$6.89 million in FY 2012. FY 2011 facility revenue had a spike due to the fees adopted from appraisal reports which were retroactive to tenants (Mobil, Tristar, SPPC).
- Federal contributions in FY2012 decreased by \$1.3 million, from \$5.2 million in FY2011 to \$3.8 million in FY 2012.

Vessel and cargo services in FY 2011 decreased by 3% or \$.08 million compared to FY 2010 primarily due to decreases in non-containerized or break bulk cargos by 40% or \$660 thousand and a \$200 thousand decrease in container throughput revenues and \$200 thousand decrease in wharfage revenues. The cause of the decrease in container throughput was due to a 2% decrease in the total number of containers handled of 96 thousand containers in FY 2011.

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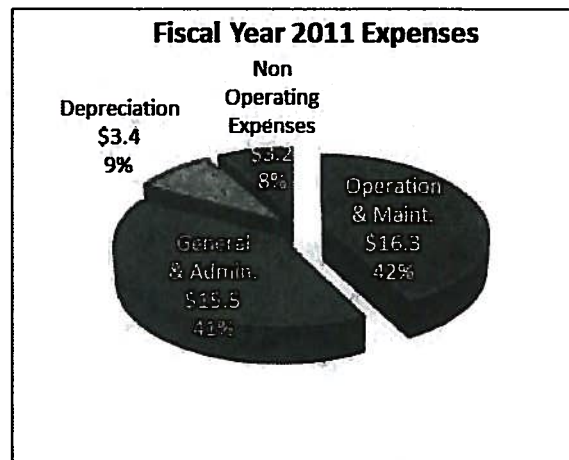
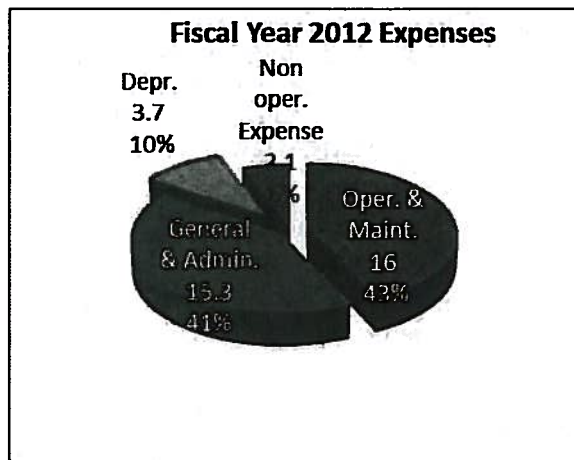
Expenses

In Fiscal Year 2012, the total operating expenses were \$34.9 million and non-operating expenses were \$2.1 million. Operating expense decreased by \$266 thousand and non-operating expenses decreased by \$1.1 million compared to fiscal year 2011. Operation and maintenance salaries and benefits increased due to 10 new employees hired during the fiscal year; however, the overall expense of operation and maintenance decreased by \$300 thousand as a result of reduced operational supplies. General and administrative expenses decreased by \$302 thousand due to decreases in professional services of 37%, other contractuals of 27%, and supplies of 25%. Depreciation expense increased by \$369 thousand or 11% due to the reclassification of the completed construction in progress project on GDP renovation phase 1 and purchase of new assets in FY 2012.

In Fiscal Year 2011, the operations and maintenance expenses of the Port increased by \$1.2 million or 7% compared to FY 2010, due to increases in the salaries and benefits caused by annual employee increments, increase in fuel expenses by \$125 thousand and new employees hired in operations and facility maintenance divisions. General and administrative expenses in FY 2011 decreased by 5% or \$755 thousand primarily due to decreases in insurance and utility cost totaling \$750 thousand. Management and administration expenses increased by 4% or \$300 thousand due to salary and benefits annual increases and new employees hired in FY 2011. Depreciation expenses increased by 19% or \$543 thousand due to the reclassification of completed construction in progress projects on the Port's cargo handling equipment and purchase of new assets in FY 2011. Operating expenses in FY 2011 increased by 3% or \$946 thousand from \$34.3 million in FY 2010 to \$35.3 million in FY 2011.

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Port Modernization Plan

Overview

The Port Modernization Program, as authorized by the Guam Legislature, spans a 30-year planning horizon and is valued at a little more than \$260 million. Phase I-A and Phase I-B of the program focuses on near term critical maintenance and repair of waterfront activities and improvements needed to handle near-term cargo of the military buildup, and projected organic population increases. Phase II of the program will occur 20 years into the future and focuses on the expansion needed to address the cargo demands of the long-term growth of Guam and its neighboring islands.

The Authority is currently in Phase I-A of its Port Modernization Program. Phase I-A includes reconfiguration and expansion of the break-bulk laydown area, renovation of the CFS Building, creation of a new gate complex, and upgrade of utilities and security features, Phase I-A is to be funded by a \$50 million appropriation from the Department of Defense.

\$50 million appropriation from the Department of Defense

In June 2008, the Authority partnered with the Maritime Administration (MARAD), through a Memorandum of Understanding (MOU), for the "Port of Guam Improvement Enterprise Program" (the Program). MARAD was designated as the lead federal agency assisting the Port in securing funding sources to modernize its facilities and operations. Under the Program, MARAD's role is to provide federal oversight and coordination of projects under the program, act as a central procurement organization, leverage federal, non-federal and private funding sources, and streamline the environmental review and permitting process. This partnership with MARAD was formalized through U.S. Public Law 110-417, National Defense Authorization Act for 2010. U.S. Public Law 110-417 also established the "Port of Guam Improvement Enterprise Fund" (the Fund) which is a separate account in the Treasury of the United States and will be used to receive funding from federal and non-federal sources to carry out the Program.

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In July 2010, the United States House of Representatives passed the 2010 Supplemental Appropriations Act which provided \$50 million for the Port Modernization Program. This bill was signed by President Barrack Obama in August 2010. The appropriation of \$50 million was transferred from the Department of Defense to the Fund on September 22, 2010. As set out in the MOU, the Fund will be administered and disbursed by MARAD, with the approval/authorization of the Authority.

\$54.5 million funding from the USDA

On October 22, 2010, the USDA awarded a \$54.5 million loan appropriation to the Authority to complete the funding of Phase I-A of the Port Modernization Program. This loan consists of the following:

- \$25 million USDA Community Facilities Direct Loan
- \$25 million USDA Community Facilities Guaranteed Loan with ANZ Guam, Inc. (ANZ)
- \$4.5 million USDA Guaranteed Term Loan with ANZ

On the same date, the Authority received the proceeds of the USDA Guaranteed Term Loan with ANZ of \$3,500,000.

USDA Rural Development Community Facility Loans

Presented below are the USDA Rural Development Community Facility (CF) Loan Commitments as of September 30, 2012, which are intended for the Authority's specific projects (i.e., purchase of a Gantry Crane, Port Modernization Plan and purchase of top lifters and other cargo handling equipment (TLOCHE):

	<i>USDA Loan Commitments:</i>		<i>Intended for the following Projects:</i>		
	<u>Direct*</u>	<u>Guaranteed*</u>	<u>Gantry Cranes</u>	<u>Modernization</u>	<u>TLOCHE</u>
CF Loan 1	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -	\$ -
CF Loan 2	-	5,000,000	5,000,000	-	-
CF Loan 3	-	7,000,000	7,000,000	-	-
CF Loan 4	-	4,500,000	-	-	4,500,000
CF Loan 5	25,000,000	-	-	25,000,000	-
CF Loan 6	-	25,000,000	-	25,000,000	-
	<u>\$ 27,000,000</u>	<u>\$ 41,500,000</u>	<u>\$ 14,000,000</u>	<u>\$ 50,000,000</u>	<u>\$ 4,500,000</u>

*Proceeds of the CF Direct Loans will come from USDA, while the rest are from ANZ which is "Guaranteed" by the USDA; except for the \$1 million unused portion of CF Guaranteed Loan 4, which the Authority will issue a request for proposal by fiscal year 2013.

Of the above, CF Loan 4 (Guaranteed) of \$4,500,000 which is intended for the purchase of cargo handling equipment, was issued by ANZ through a guaranteed term loan agreement. During 2011, the Authority used \$3,500,000 of this loan, with \$1,000,000 unused as of September 30, 2012. The outstanding balance of this term loan as of September 30, 2012 amounts to \$3,201,009.

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CF Loans 4 (Guaranteed), 5 (Direct) and 6 (Guaranteed) totaling \$54.5 million pertains to the Port Modernization Plan as per Public Law 30-57. The Authority intends to first use the \$50 million appropriation from the Department of Defense and then the CF Loans 5 (Direct) and 6 (Guaranteed) totaling \$50 million (at \$25 million each) for its Port Modernization Plan. However, due to changes in certain factors relating to the military buildup and cargo forecast, management does not intend to utilize the \$25 million CF Loan 6 (Guaranteed), and on April 17, 2012, the Authority officially withdrew the loan application for the \$25M Guaranteed Loan.

On November 30, 2011, USDA communicated with the Authority that the \$25 million CF Loan 5 (Direct) is to be used within a reasonable amount of time after obligation. Given the current budget situation in the U.S. Congress, all loans that have been "obligated" but not yet closed and/or disbursed are facing increased scrutiny. USDA is encouraging the Authority to finalize their plans to use the proceeds from CF Loan 5 (Direct) by December 31, 2011. On December 20, 2011, the Authority requested the USDA to extend the CF Loan 5 (Direct). As of audit report date, the Authority is waiting for the approval of this request from USDA.

CF Loans 1 (Direct), 2 (Guaranteed) and 3 (Guaranteed) totaling \$14 million are intended for the procurement of gantry cranes pursuant to Public Law 30-100 which mandates the Authority to acquire at least two gantry cranes no later than December 31, 2012. On November 2011, Public Law 31-145 was enacted that authorized the Authority to enter into negotiations with Matson and Horizon for the specific purpose of acquiring one or more of the Port of Los Angeles (POLA) gantry cranes through purchase or lease-to-own.

On June 5, 2012, the Port Board of Directors approved and ratified the purchase of the 3-POLA cranes and Gantry 3 for \$12 Million. On August 27, 2012, Public Utilities Commission (PUC) approved the Sales Agreement and Interim Maintenance Agreement related to the purchase of the POLA Cranes. Subsequently, PUC in their meeting of September 25, 2012, authorized the Authority to proceed with finalizing the loan documents with the financial institution. It is anticipated that the closing of the \$12M loan and official signing of the Sales Agreement for the purchase of the POLA will take place by December 2012 to ensure compliance with the statute. The Authority anticipates that the CF Loan 1 (Direct) for \$2M that is intended for the procurement of gantry crane will not be utilized.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

The Authority's investment in capital assets as of September 30, 2012, totaled \$65.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvement other than buildings, office and cargo handling equipments, inventory and construction-in-progress. The total net increase in the Authority's investment in capital assets for the current fiscal year was \$1 million or 2%.

Major capital asset activity during 2012 included the following:

- Building and wharf improvements increased by \$2.2 million due to the completion of GDP Renovation Phase I, Warehouse 1 upgrade of column spillings and F3 Waterpit waterline.
- Crane increased by \$418 thousand due to capital improvements for G3

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- Vehicles increased by \$72 thousand due to purchase of new Ford truck for Port Police.

See additional information on the Port's capital asset activity in fiscal years 2012 and 2011 in note 3 to the financial statements.

Debt

The Authority obtained a \$3.5 million loan from ANZ bank in October 2010 for the purchase of 4 brand new Hyster Top Lifters and 10 brand new Ottawa terminal yard tractors. At the end of 2012, the Authority had a total debt outstanding of \$3.2 million.

The financial covenant of the loan requires the following ratios:

- a) Interest Coverage Ratio: PAG shall maintain an Interest Coverage Ratio of 1.5 to 1, calculated as follows:

$$\frac{\text{Net Profit (Loss) Before Depreciation, Interest, Taxes and Amortization}}{\text{Total Interest Expense}}$$

- b) Debt Service Coverage Ratio: PAG shall maintain a Debt Service Coverage ratio of 1.30 to 1, calculated as follows:

$$\frac{\text{Net Profit (Loss) Before Depreciation, Interest, Taxes and Amortization}}{\text{Total Interest Expense} + \text{Principal Debt Reductions}}$$

The interest coverage ratio is 30.98 to 1 and the debt service coverage ratio is 16.52 to 1.

See additional information on the Port's debt in note 5 to the financial statements.

FISCAL YEAR 2013 OUTLOOK

The following are the courses of action that the Port aims to accomplish or complete in FY 2013:

Acquisition of Gantry Cranes

Following the Port Board of Directors' approval of the purchase of 3-POLA cranes and Gantry 3 from Matson & Horizon, Port management submitted to the Public Utilities Commission (PUC) a petition to approve the Sales Agreement and Interim Maintenance Agreement. In August 2012, the PUC approved the Sales and Interim Maintenance Agreements. The official signing of these Agreements for the Acquisition of the Gantry Cranes was completed on December 20, 2012.

Crane Surcharge Rate

In June 2012, the Port Board of Directors approved the proposed crane surcharge of up to \$125 for loaded containers and \$5.00 per tonnage for non-containerized cargos. In September 2012, the Authority submitted its Petition to the PUC to establish Crane Surcharge Rate related to the purchase, maintenance and use of the POLA gantry cranes. The approval and implementation of the crane surcharge fees was received in December 2012 and is effective January 2013 at \$105 per container. The fee increased to \$125 per container beginning March 2013.

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Performance Management Contract (PMC) for the Maintenance of Gantry Cranes

Pursuant to PL 31-145, the Authority is to acquire PMC for the performance, operation and maintenance of the acquired cranes. The Authority has begun the competitive solicitation of the PMC Services and is expected to make the contract award within the fiscal year 2013.

Port Security Grant Program (PSGP)

As part of the Security Grant Program of US Department of Homeland Security, the Authority was awarded over \$5 Million in federal security grants to help secure the commercial port. Through this program, the Authority proceeded with the following projects:

- **Container Yard Lighting Project:** The construction work to upgrade of the existing lights at the container yard was awarded in January 2012 and is expected to be completed in November 2013.
- **Maritime and Security Operations Center and Integration of Communications Systems Project:** The construction work to build a centralized emergency operations center, as well as, the integration of all communications and security systems was awarded in October 2012 with a projected completion date by December 2013.
- **Procurement of Mobile Containerized X-Ray Screening System, 2-Emergency Backup Generators and Harbor Master's Communication System** are other funded projects that are expected to be completed within fiscal year 2013.

Hagatna Marina Renovations

Through federal grant awards from the Department of the Interior/Office of Insular Affairs and USFW, the Gregorio D. Perez "Hagatna" Marina is undergoing several capital improvement projects. Subsequent to the project completion of the Hagatna Marina Renovation and Site Improvements-Phase I and Dock A repairs in 2012, the following projects are currently on going and are programmed to be completed within fiscal year 2013:

- GDP Waterline Replacement
- Dock C Replacement
- Dock B Repairs
- Dock A and B Pile Extensions
- Hagatna Marina Renovation and Site Improvement-Phase 2.

Agat Small Boat Marina Renovation

The Western Pacific Regional Fishery Management Council has recently awarded the Authority a \$250,000 federal grant to fund dock improvements at the Agat Small Boat Marina. The Authority has programmed to solicit and award this improvement project within fiscal year 2013.

Port Modernization Program (Guam Commercial Port Improvement Program)

As a result of the then planned US military relocation to Guam, the Port opted to update its Master Plan in 2007 as the framework of the Port Modernization Program. However, due to changing factors resulting from the reduction in the scope and timeline for the military buildup and corresponding impact on cargo forecasts, the Port Modernization Program was re-set and reconfigured to address organic growth. The Guam Commercial Port Improvement Program (GCPIP) aims to expand its terminal yard operations area, upgrade its equipment and maintenance capabilities and improve its waterfront access. The GCPIP-Phase IA are preliminary improvements to meet the minimum requirements of PL 29-125, the needs of the people of Guam, reduced relocation military troops and modernize critical facilities at the Commercial Port. Projects under the GCPIP include the following:

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- Container Freight Station Building Renovation: The construction work has been awarded and is expected to be completed within fiscal year 2013.
- Selected Break Bulk Yard Modifications: The project is forecasted to be awarded by mid-2013
- Container Yard and Gate House Expansion Project is programmed for fiscal year 2014.

Replacement/Upgrade of Golf Pier Fuel Pipeline

The Replacement/Upgrade of the existing fuel lines at the Golf Pier is a joint project with the Department of Public Works. This project will be funded by the Federal Highway Administration (FHWA) and in part by the Port Authority of Guam. The design work for this project was commissioned by the Authority and has since been turned over to FHWA/DPW for bid packaging. The procurement for this construction work is expected to begin by March 2013 with project completion by year 2014.

Service Life Extension (SLE) Program

The SLE Program was developed to address unforeseen structural repair work at the Port's F-5 Wharf, upgrade of the existing Financial Management Systems and acquisition of cargo handling equipment. After obtaining approval from the Port's Board of Directors, the Authority engaged the Guam Economic Development Authority (GEDA) to begin soliciting the financing services on behalf of the Port to fund the SLE Program for \$10 Million. In September 2012, GEDA issued the solicitation package and is expected that the contract award will take place within January 2013. Upon obtaining approval of this loan, the following projects under the SLE Program are expected to begin:

- Construction Repairs to F5 Wharf
- Marine Repairs to Berths F3, F4, and F6
- Upgrade of JD Edwards Financial Management System
- Procurement of Cargo Handling Equipment

CONTACTING THE PORT'S FINANCIAL MANAGEMENT

The Management's Discussion and Analysis report is intended to provide information concerning known facts and conditions affecting the Port's operations. This financial report is designed to provide a general overview of the Port Authority's finances and to demonstrate the Port's accountability for the funds it receives and expends.

Management's Discussion and Analysis for the year ended September 30, 2011 is set forth in the Authority's report on the audit of financial statements which is dated January 26, 2012. That Discussion and Analysis explains in more detail major factors impacting the 2011 financial statements. A copy of that report can be obtained via the contact below.

For additional information about this report, please contact Joann B. Conway, Port Authority of Guam, 1026 Cabras Highway Suite 201, Piti, Guam 96915 or visit the website at www.portguam.com.

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Statements of Net Assets
September 30, 2012 and 2011

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and cash equivalents	\$ 10,886,253	\$ 10,710,367
Accounts receivable, net of allowance for doubtful accounts of \$971,565 in 2012 and \$1,141,114 in 2011	5,209,762	5,009,950
Prepaid expenses	128,485	139,109
Total current assets	16,224,500	15,859,426
Replacement parts inventories, net of allowance for obsolescence of \$76,304 in 2012 and \$113,243 in 2011	125,875	123,872
Depreciable property, plant and equipment, net	46,372,709	47,321,482
Nondepreciable property, plant and equipment	19,083,165	17,084,899
	<u>\$ 81,806,249</u>	<u>\$ 80,389,679</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current liabilities:		
Current portion of long-term bank debt	\$ 165,692	\$ 144,144
Accounts payable, trade and others	4,032,769	4,637,654
Security deposits and other payables	337,870	251,150
Accrued payroll and withholdings	321,687	344,201
Current portion of accrued annual leave	940,610	856,942
Deferred revenue	183,361	210,463
Total current liabilities	5,981,989	6,444,554
Long-term bank debt, net of current portion	3,035,317	3,210,951
Accrued annual leave, net of current portion	449,967	524,620
Accrued sick leave	1,105,722	1,028,941
Total liabilities	10,572,995	11,209,066
Commitments and contingencies		
Net assets:		
Invested in capital assets, net of related debt	62,254,865	61,051,286
Unrestricted	8,978,389	8,129,327
Total net assets	71,233,254	69,180,613
	<u>\$ 81,806,249</u>	<u>\$ 80,389,679</u>

See accompanying notes to financial statements.

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Statements of Revenues, Expenses and Changes in Net Assets
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Cargo throughput charges	\$ 23,784,571	\$ 23,604,599
Equipment and space rental	6,893,541	7,453,245
Wharfage charges	4,088,748	3,939,244
Special services	359,364	368,421
Other operating income	121,584	485,307
	<u>35,247,808</u>	<u>35,850,816</u>
Provision for bad debts	<u>(17,707)</u>	<u>(126,301)</u>
	<u>35,230,101</u>	<u>35,724,515</u>
Operating expenses:		
Management and administration	8,761,565	8,236,302
Equipment maintenance	5,266,400	5,609,224
Transportation services	4,210,757	4,371,798
Depreciation	3,719,994	3,350,881
Stevedoring services	3,054,227	2,974,329
General expenses	2,388,175	3,234,644
Utilities	2,204,216	2,215,178
Terminal services	1,940,149	1,844,832
Insurance	1,834,528	1,840,210
Facility maintenance	1,500,053	1,468,589
Total operating expenses	<u>34,880,064</u>	<u>35,145,987</u>
Earnings from operations	<u>350,037</u>	<u>578,528</u>
Nonoperating (expenses) revenues:		
U.S. Government operating grants	127,500	738,354
Other income (expense), net	3,088	-
Contribution to Autonomous Agency Infrastructure Collection Fund	-	(700,000)
Loss from disposal of property, plant and equipment	(754)	(245,599)
Interest (expense) income, net	(51,173)	(62,588)
COLA/supplemental annuities	<u>(2,079,067)</u>	<u>(2,221,807)</u>
Total nonoperating expenses, net	<u>(2,000,406)</u>	<u>(2,491,640)</u>
Loss before capital contributions	(1,650,369)	(1,913,112)
U.S. Government grants	<u>3,703,010</u>	<u>4,413,323</u>
Increase in net assets	2,052,641	2,500,211
Net assets at beginning of year	<u>69,180,613</u>	<u>66,680,402</u>
Net assets at end of year	<u>\$ 71,233,254</u>	<u>\$ 69,180,613</u>

See accompanying notes to financial statements.

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Statements of Cash Flows
Years Ended September 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Cash received from customers	\$ 35,003,187	\$ 37,186,572
Cash payments to suppliers for goods and services	(11,071,007)	(12,702,506)
Cash payments to employees for services and benefits	(22,614,392)	(23,164,719)
Net cash provided by operating activities	1,317,788	1,319,347
Cash flows from investing activity - interest received	138,047	140,322
Cash flows from capital and related financing activities:		
Capital grants received	3,703,010	5,151,677
Proceeds from long-term bank debt	-	3,500,000
Repayment of long-term bank debt	(154,086)	(144,905)
Interest paid	(189,220)	(202,910)
Purchase of property, plant and equipment	(4,770,241)	(6,628,151)
Net cash (used in) provided by capital and related financing activities	(1,410,537)	1,675,711
Cash flows from non-capital related financing activities:		
Operating grants received	127,500	-
Other non-capital activities	3,088	-
Cash provided by non-capital and related financing activities	130,588	-
Net increase in cash and cash equivalents	175,886	3,135,380
Cash and cash equivalents at beginning of year	10,710,367	7,574,987
Cash and cash equivalents at end of year	\$ 10,886,253	\$ 10,710,367

See accompanying notes to financial statements.

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Statements of Cash Flows, Continued
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Reconciliation of earnings from operations to net cash provided by operating activities:		
Earnings from operations	\$ 350,037	\$ 578,528
Adjustments to reconcile earnings from operations to net cash provided by operating activities:		
Depreciation	3,719,994	3,350,881
Bad debts	17,707	126,301
Payments for COLA/supplemental annuities	(2,079,067)	(2,221,807)
Changes in operating assets and liabilities:		
Accounts receivable, net	(217,519)	1,588,461
Prepaid expenses	10,624	(139,109)
Replacement parts inventories, net	(2,003)	14,595
Accounts payable, trade and others	(604,885)	(1,852,662)
Security deposits and other payables	86,720	(193,767)
Accrued payroll and withholdings	(22,514)	(164,521)
Accrued annual leave	9,015	151,861
Deferred revenue	(27,102)	(58,938)
Accrued sick leave	76,781	139,524
Net cash provided by operating activities	<u>\$ 1,317,788</u>	<u>\$ 1,319,347</u>

See accompanying notes to financial statements.

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Notes to Financial Statements
September 30, 2012 and 2011

1. Organization and Summary of Significant Accounting Policies

The Port Authority of Guam (the Authority) was created by Public Law 13-87 as an autonomous instrumentality of the Government of Guam to own and operate the facilities of the Commercial Port of Guam. All assets and liabilities were transferred from the Commercial Port of Guam to the Authority at book value effective April 20, 1976. The Authority is governed by a five member Board of Directors appointed by the Governor with consent provided by the Legislature. The Authority is a component unit of the Government of Guam.

The Authority's main cargo handling facilities are located on thirty acres of reclaimed land on Cabras Island in Piti, Guam. Title to this land was transferred from the Government of Guam to the Authority in 1979. Eleven acres of adjacent property was assigned to the Authority from the U.S. Navy at an annual rent of \$1 to be used for future container yard expansion.

The Authority controls and/or manages approximately 260 acres of fast and submerged lands inclusive of the thirty acres noted previously. These areas include the Harbor of Refuge, Aqua World Marina, a portion of the Piti Channel, Agat Marina, Gregorio D. Perez Marina, Hotel Wharf, Dog Pier, Family Beach and the Port Authority Beach. The Guam Economic Development Authority (GEDA) has assigned the management of the thirty-two acre Cabras Industrial Park to the Authority.

On July 14, 2009, Public Law 30-52 was enacted into law placing the Authority under the oversight of the Public Utilities Commission of Guam (PUC). A comprehensive study of the Authority's tariff was performed in 2010 and the proposed rate increases were published in 2011. On January 11, 2012, the PUC approved the Authority's petition for tariff rate increases effective March 1, 2012. Because of the rate making process, certain differences may arise in the application of accounting principles generally accepted in the United States of America between regulated and non-regulated enterprises. Such differences mainly concern the time at which various items enter into the determination of net earnings in order to follow the principle of matching costs and revenues.

Basis of Accounting

The Authority utilizes the flow of economic resources measurement focus. Its financial statements are prepared in accordance with accounting principles generally accepted in the United States as applied to governmental units using the accrual basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, requires that proprietary activities apply all applicable GASB pronouncements as well as Statements and Interpretations issued by the Financial Accounting Standards Board (FASB), Accounting Principle Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. The Authority has implemented GASB 20 and elected not to apply FASB Statements, Interpretations and Codification updates issued after November 30, 1989.

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September 30, 2012 and 2011

1. Organization and Summary of Significant Accounting Policies, Continued

Operating and Non-operating Revenues and Expenses

The Authority's revenues are derived primarily from providing various services to major shipping line customers under an approved tariff rate schedule and are reported as operating revenues. Revenue is recognized on the accrual basis and is recorded upon billing when services have been completed. Capital, grants, financing or investing related transactions are reported as non-operating revenues. All expenses related to operating the Authority are reported as operating expenses. COLA/supplemental annuities are reported as nonoperating expenses and revenues. Capital grants and other contributions from governmental agencies are recorded as net assets when earned. Operating grants are recorded as revenue when earned.

Net Assets

Net assets represent the residual interest in the Authority's assets after liabilities are deducted and consist of the following three sections:

Invested in capital assets, net of related debt:

Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted:

Nonexpendable - Net assets subject to externally imposed stipulations that require the Authority to maintain them permanently.

Expendable - Net assets whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire with the passage of time.

The Authority does not have restricted net assets at September 30, 2012 and 2011.

Unrestricted:

Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action by management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Cash and Cash Equivalents

For purposes of the statements of net assets and of cash flows, cash and cash equivalents is defined as cash on hand and deposits in banks and time certificates of deposit with initial maturities of three months or less.

Accounts Receivable and Allowance for Doubtful Accounts

Substantially all of the Authority's accounts receivable as of September 30, 2012 and 2011 are due from international steamship lines/agents which are located or operating on Guam.

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Notes to Financial Statements
September 30, 2012 and 2011

1. Organization and Summary of Significant Accounting Policies, Continued

Accounts Receivable and Allowance for Doubtful Accounts, Continued

The Authority performs periodic credit evaluations of its customers, and generally does not require collateral. Receivables are considered past due when payment is not received within 90 days from the date of billing. As of September 30, 2012 and 2011, receivables that are more than ninety days past due totaled \$1,134,888 and \$1,230,434, respectively. The allowance for doubtful accounts is stated at an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectible based on evaluations of the collectibility of these accounts and prior collection experience. The allowance is established through a provision for bad debts charged to expense. Uncollectible accounts are written-off against the allowance or are charged to expense in the period the Authority deemed the accounts to be uncollectible.

Replacement Parts Inventories

Replacement parts inventories consist of spare parts and supplies stated at average cost and are charged to expense as used. Due to the nature and availability of parts necessary for operations, inventory includes items which often are not used within one year. Thus, replacement parts inventories are classified as non-current assets.

Property, Plant and Equipment and Depreciation

Land is recorded at its appraised value on the date of transfer from the Government of Guam. Buildings and structures are stated at cost, which includes interest during the construction period. Equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (5 - 40 years for buildings and equipment). Current policy is to capitalize individual purchases over \$1,000 with useful lives exceeding one year. Normal maintenance and repairs are charged to operating expense as incurred; expenditures for major additions, improvements, infrastructure and replacements are capitalized. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal with the resulting gain or loss credited or charged to nonoperating revenue/expense, respectively.

Compensated Absences

Compensated absences are recorded as a long-term liability in the statements of net assets. Estimated amounts to be paid during the next fiscal year are reported as current liabilities. Vacation pay is convertible to pay upon termination of employment.

In accordance with Public Law No. 27-5 and Public Law No. 28-68, employee vacation rates are credited at either 104, 156 or 208 hours per year, depending upon their length of service as follows:

1. One-half day (4 hours) for each full bi-weekly pay period in the case of employees with less than five (5) years of service;
2. Three-fourths day (6 hours) for each full bi-weekly pay period in the case of employees with more than five (5) years of service but less than fifteen (15) years of service; and
3. One (1) day (8 hours) for each full bi-weekly pay period in the case of employees with more than fifteen (15) years of service.

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Notes to Financial Statements
September 30, 2012 and 2011

1. Organization and Summary of Significant Accounting Policies, Continued

Compensated Absences, Continued

The statutes further amended the maximum accumulation of such vacation credits from 480 to 320 hours. Public Law No. 27-106 amended subsection (c) of 4 Guam Code Annotated § 4109. Employees who have accumulated annual leave in excess of 320 hours as of February 28, 2003, may carry over their excess and shall use the excess amount of leave prior to retirement or termination from service. Any unused leave over the excess shall be lost.

Public Law 26-86 allows members of the Defined Contribution Retirement System to receive a lump sum payment of one-half of their accumulated sick leave upon retirement.

Risk Management

The Authority has commercial insurance coverage for directors' and officers' liability, comprehensive liability, employee dishonesty and forgery, money and securities loss, and automobile injury and property damage. Worker's compensation is managed through the local Department of Labor under the Government of Guam Special Fund (Special Fund); however, the Authority reimburses the Special Fund for the costs of claims. The Authority also has commercial property insurance coverage for 100% of the total net book value of property, plant and equipment, subject to deductibles. The Authority incurred no losses in excess of insurance coverage during the years ended September 30, 2012, 2011 and 2010.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Taxes

As an instrumentality of GovGuam, the Authority and all property acquired by or for the Authority, and all revenues and income there from are exempt from taxation by GovGuam or by any political subdivision or public corporation thereof and from all taxes imposed under the authority of the Guam Legislature, or with respect to which the Guam Legislature is authorized to grant exemption.

New Accounting Standards

During the year ended September 30, 2012, the Authority implemented the following pronouncements:

- GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which amends Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and addresses issues related to the frequency and timing of measurements for actuarial valuations first used to report funded status information in OPEB plan financial statements. The implementation of this pronouncement did not have a material effect on the accompanying financial statements.

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Notes to Financial Statements
September 30, 2012 and 2011

1. Organization and Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

- GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* (an amendment of GASB Statement No. 53), which will improve financial reporting by state and local governments by clarifying the circumstances in which hedge accounting continues to be applied when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of this pronouncement did not have a material effect on the accompanying financial statements.

In December 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership. The provisions of this statement are effective for periods beginning after December 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the Authority.

In December 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*, which is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, to better meet user needs and address reporting entity issues that have come to light since those Statements were issued in 1991 and 1999, respectively. The provisions of this statement are effective for periods beginning after June 15, 2012. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the Authority.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. The provisions of this statement are effective for periods beginning after December 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the Authority.

In July 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The provisions of this statement are effective for periods beginning after December 15, 2011. Management has not yet determined the effect of implementation of this statement on the financial statements of the Authority.

In April 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The provisions of this statement are effective for periods beginning after December 15, 2012. Management has not yet determined the effect of implementation of this statement on the financial statements of the Authority.

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Notes to Financial Statements
September 30, 2012 and 2011

1. Organization and Summary of Significant Accounting Policies. Continued

New Accounting Standards, Continued

In April 2012, GASB issued Statement No. 66, *Technical Corrections - 2012*, which enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The provisions of this statement are effective for periods beginning after December 15, 2012. Management has not yet determined the effect of implementation of this statement on the financial statements of the Authority.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans*, which revises existing guidance for the financial reports of most pension plans, and Statement No. 68, *Accounting and Financial Reporting for Pensions*, which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The provisions in Statement 67 are effective for financial statements for periods beginning after June 15, 2013. The provisions in Statement 68 are effective for fiscal years beginning after June 15, 2014. Management has not yet determined the effect of implementation of these statements on the financial statements of the Authority.

Reclassifications

Certain reclassifications have been made to 2011 financial statements to correspond to the 2012 presentation.

2. Deposits

GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, disclosure is required of investments that have fair values that are highly sensitive to changes in interest rates. GASB Statement No. 40 also requires disclosure of formal policies related to deposit and investment risks.

GASB Statement No. 40 requires disclosures for deposits that have exposure to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized, or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. The Authority does not have a deposit policy for custodial credit risk.

As of September 30, 2012 and 2011, the carrying amount of the Authority's cash and cash equivalents totaled \$10,886,253 and \$10,710,367, respectively, and the corresponding bank balances were \$11,061,516 and \$10,438,823, respectively, all of which were maintained in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As of September 30, 2012 and 2011, bank deposits in the amount of \$1,868,624 and \$1,087,214, respectively, were FDIC insured. The Authority does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk. The Authority has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its deposits.

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Notes to Financial Statements
September 30, 2012 and 2011

3. Property, Plant and Equipment

A summary of changes in property, plant and equipment for the years ended September 30, 2012 and 2011 is as follows:

	<u>Beginning Balance October 1, 2011</u>	<u>Transfers and Additions</u>	<u>Transfers and Deletions</u>	<u>Ending Balance September 30, 2012</u>
<u>Depreciable:</u>				
Buildings	\$ 70,692,078	\$ 2,206,054	\$ -	\$ 72,898,132
Equipment	<u>28,174,492</u>	<u>572,048</u>	<u>(18,415)</u>	<u>28,728,125</u>
	98,866,570	2,778,102	(18,415)	101,626,257
Less accumulated depreciation	<u>(51,545,088)</u>	<u>(3,719,994)</u>	<u>11,534</u>	<u>(55,253,548)</u>
	<u>47,321,482</u>	<u>(941,892)</u>	<u>(6,881)</u>	<u>46,372,709</u>
<u>Non-depreciable:</u>				
Land	3,563,000	-	-	3,563,000
Construction work-in-progress	<u>13,521,899</u>	<u>4,735,138</u>	<u>(2,736,872)</u>	<u>15,520,165</u>
	<u>17,084,899</u>	<u>4,735,138</u>	<u>(2,736,872)</u>	<u>19,083,165</u>
Total	<u>\$ 64,406,381</u>	<u>\$ 3,793,246</u>	<u>\$ (2,743,753)</u>	<u>\$ 65,455,874</u>
	<u>Beginning Balance October 1, 2010</u>	<u>Transfers and Additions</u>	<u>Transfers and Deletions</u>	<u>Ending Balance September 30, 2011</u>
<u>Depreciable:</u>				
Buildings	\$ 70,502,621	\$ 189,457	\$ -	\$ 70,692,078
Equipment	<u>24,824,596</u>	<u>7,481,047</u>	<u>(4,131,151)</u>	<u>28,174,492</u>
	95,327,217	7,670,504	(4,131,151)	98,866,570
Less accumulated depreciation	<u>(52,097,070)</u>	<u>(3,350,881)</u>	<u>3,902,863</u>	<u>(51,545,088)</u>
	<u>43,230,147</u>	<u>4,319,623</u>	<u>(228,288)</u>	<u>47,321,482</u>
<u>Non-depreciable:</u>				
Land	3,563,000	-	-	3,563,000
Construction work-in-progress	<u>14,581,563</u>	<u>6,213,756</u>	<u>(7,273,420)</u>	<u>13,521,899</u>
	<u>18,144,563</u>	<u>6,213,756</u>	<u>(7,273,420)</u>	<u>17,084,899</u>
Total	<u>\$ 61,374,710</u>	<u>\$ 10,533,379</u>	<u>\$ (7,501,708)</u>	<u>\$ 64,406,381</u>

4. Employees' Retirement Plan

Defined Benefit Plan

Plan Description:

The Authority participates in the GovGuam Defined Benefit (DB) Plan, a cost-sharing, multiple-employer defined benefit pension plan, administered by the GovGuam Retirement Fund (GGRF) to which all funds and agencies, including component units, as well as employees who are members of the DB Plan, contribute a fixed percentage of qualifying payroll. The DB Plan provides retirement, disability, and survivor benefits to members and beneficiaries who enrolled in the plan prior to October 1, 1995. Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Guam Legislature.

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Notes to Financial Statements
September 30, 2012 and 2011

4. Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

All new employees whose employment commences on or after October 1, 1995, are required to participate in the Defined Contribution Retirement System (DCRS). Hence, the DB Plan became a closed group. Membership in the DB Plan was mandatory for all full-time employees, except for those compensated on a fee basis, independent contractors, and persons aged 60 or over upon employment. Most employees may retire with full benefits at age 60 with at least 10 years of service, or after 25 years of service, regardless of age. Vesting of benefits is optional for employees with 3 to 19 years of service, but is mandatory for employees with 20 or more years of service.

A single actuarial valuation is performed annually covering all plan members and the same contribution rate applies to each employer. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan. That report may be obtained by writing to the GGRF, 424 A Route 8, Maite, Guam 96910, or by visiting its website - www.ggrf.com.

Funding Policy:

As a result of actuarial valuations performed as of September 30, 2010, 2009, and 2008, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2012, 2011 and 2010, respectively, have been determined as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Normal costs (% of DB Plan payroll)	17.07%	17.00%	18.34%
Employee contributions (DB Plan employees)	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>
Employer portion of normal costs (% of DB Plan payroll)	<u>7.57%</u>	<u>7.50%</u>	<u>8.84%</u>
Employer portion of normal costs (% of total payroll)	3.03%	3.03%	3.73%
Unfunded liability cost (% of total payroll)	<u>23.75%</u>	<u>21.75%</u>	<u>22.69%</u>
Government contribution as a % of total payroll	<u>26.78%</u>	<u>24.78%</u>	<u>26.42%</u>
Statutory contribution rates as a % of DB Plan payroll:			
Employer	<u>28.30%</u>	<u>27.46%</u>	<u>26.04%</u>
Employee	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>

The Authority's contribution to the DB Plan for the years ended September 30, 2012, 2011 and 2010 totaled \$1,482,141, \$1,489,052 and \$1,349,514, respectively, which are equal to the required contributions for those years.

Defined Contribution Retirement System (DCRS)

Contributions into the DCRS plan by members are based on an automatic deduction of 5% of the member's regular base pay. The contribution is periodically deposited into an individual investment account within the DCRS. Employees are afforded the opportunity to select from different investment accounts available under the DCRS.

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Notes to Financial Statements
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4. Employees' Retirement Plan, Continued

Defined Contribution Retirement System (DCRS), Continued

Statutory employer contributions for the DCRS plan for the years ended September 30, 2012 and 2011, are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 5% of the member's regular pay is deposited into the member's individual investment account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

Members of the DCRS plan, who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

The Authority's contributions for the DCRS plan payroll for the years ended September 30, 2012, 2011 and 2010 were \$3,111,487, \$2,821,611 and \$2,335,320, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts, \$2,773,979, \$2,508,418 and \$2,103,696 were contributed toward the unfunded liability of the DB Plan for the years ended September 30, 2012, 2011 and 2010, respectively.

Public Law 26-86 allows members of the DCRS to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. The Authority has accrued an estimated liability of \$1,105,722, \$1,028,941 and \$889,417 at September 30, 2012, 2011 and 2010, respectively, for potential future sick leave payments as a result of this law. However, this amount is an estimate and the actual payout may be materially different than estimated.

Other Post-Employment Benefits

GovGuam, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a cost-sharing multiple employer defined benefit plan to provide certain post-retirement healthcare benefits to retirees who are members of the GGRF. Under the Plan, known as the GovGuam Group Health Insurance Program, GovGuam provides medical, dental, and life insurance coverage. The retiree medical and dental plans are fully-insured products provided through insurance companies. GovGuam shares in the cost of these plans, with GovGuam's contribution amount set each year at renewal. Current statutes prohibit active and retired employees from contributing different amounts for the same coverage. As such, GovGuam contributes substantially more to the cost of retiree healthcare than to active healthcare. For the life insurance plan, GovGuam provides retirees with \$10,000 of life insurance coverage through an insurance company. Retirees do not share in the cost of this coverage. Because the Plan consists solely of GovGuam's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

For the years ended September 30, 2012, 2011 and 2010, the Authority reimbursed GovGuam for certain supplemental benefits for retirees, including contributions for the abovementioned Plan, as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Medical and dental	\$ 1,171,262	\$ 1,439,584	\$ 1,045,627
Supplemental benefits	861,201	727,658	1,952,134
Life insurance	<u>46,604</u>	<u>54,565</u>	<u>54,812</u>
	<u>\$ 2,079,067</u>	<u>\$ 2,221,807</u>	<u>\$ 3,052,573</u>

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Notes to Financial Statements
September 30, 2012 and 2011

5. Long-Term Liabilities

Summary

Long-term liabilities of the Authority consist of annual leave and sick leave payable to its employees and long-term bank debt. Changes in long-term liabilities for the years ended September 30, 2012 and 2011 are as follows:

	Outstanding at September 30, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	Outstanding at September 30, <u>2012</u>	<u>Current</u>	<u>Noncurrent</u>
Accrued annual leave	\$1,381,562	\$1,053,249	\$1,044,234	\$1,390,577	\$ 940,610	\$ 449,967
Accrued sick leave	1,028,941	76,781	-	1,105,722	-	1,105,722
Long-term bank debt	<u>3,355,095</u>	<u>-</u>	<u>154,086</u>	<u>3,201,009</u>	<u>165,692</u>	<u>3,035,317</u>
	<u>\$5,765,598</u>	<u>\$1,130,030</u>	<u>\$1,198,320</u>	<u>\$5,697,308</u>	<u>\$1,106,302</u>	<u>\$4,591,006</u>
	Outstanding at September 30, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Outstanding at September 30, <u>2011</u>	<u>Current</u>	<u>Noncurrent</u>
Accrued annual leave	\$1,229,701	\$1,057,777	\$ 905,916	\$1,381,562	\$ 856,942	\$ 524,620
Accrued sick leave	889,417	139,524	-	1,028,941	-	1,028,941
Long-term bank debt	<u>-</u>	<u>3,500,000</u>	<u>144,905</u>	<u>3,355,095</u>	<u>144,144</u>	<u>3,210,951</u>
	<u>\$2,119,118</u>	<u>\$4,697,301</u>	<u>\$1,050,821</u>	<u>\$5,765,598</u>	<u>\$1,001,086</u>	<u>\$4,764,512</u>

Long-term Bank Debt

Long-term debt pertains to a \$3,500,000 loan obtained from ANZ Guam, Inc. (ANZ) on October 22, 2010, representing a portion of the \$4,500,000 United States Department of Agriculture (USDA) Guaranteed Term Loan. The remainder of the USDA guaranteed loan is unused as of September 30, 2012. The term loan bears interest at 3% above the Federal Home Loan Bank of Seattle's 15-year amortizing fixed advanced rate at the time of funding (6.18% at September 30, 2012 and 2011) and is payable in monthly installments of \$30,049 in principal and interest over fifteen years. Proceeds of the loan were used to reimburse the Authority for the acquisition of four top lifters and ten terminal yard contractors which are also pledged as collateral for the loan.

As of September 30, 2012, future maturities of long-term bank debt are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	\$ 165,692	\$ 195,857	\$ 361,549
2014	175,348	185,234	360,582
2015	186,660	173,925	360,585
2016	198,238	162,347	360,585
2017	211,481	149,104	360,585
2018 through 2022	1,305,084	527,890	1,832,974
2022 through 2025	<u>958,506</u>	<u>92,969</u>	<u>1,051,475</u>
	<u>\$ 3,201,009</u>	<u>\$ 1,487,326</u>	<u>\$ 4,688,335</u>

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Notes to Financial Statements
September 30, 2012 and 2011

6. Major Customers

The Authority has two and five major shipping agency customers that collectively account for 67.41% and 84.24%, respectively, of total operating revenues for the years ended September 30, 2012 and 2011, respectively. The Authority has a high concentration of credit risk due to the limited number of entities comprising its customer base. In November 2011, one of the Authority's major customers, Horizon Lines, Inc., discontinued its Five Star Express trans-Pacific container shipping service between the U.S. West Coast, Guam and China.

7. Rental Operations

The Authority, in cooperation with the GEDA, leases space to tenants under noncancelable operating leases, with options to renew, providing for future minimum rentals. The minimum future rental on noncancelable operating leases for the five succeeding fiscal years and thereafter, are as follows:

<u>Year ending September 30,</u>	<u>Amount</u>
2013	\$ 756,709
2014	756,709
2015	756,709
2016	756,709
2017	756,709
Thereafter	<u>4,565,549</u>
	<u>\$ 8,349,094</u>

The Authority also leases equipment and space to tenants on a month-to-month basis. Total equipment and lease space revenue from tenants for all rentals totaled \$6,893,541 and \$7,453,245 respectively, for the years ended September 30, 2012 and 2011, respectively.

8. Commitments and Contingencies

Port Modernization Plan

The Port Modernization Plan (the Plan) spans a 30-year planning horizon with an estimated project cost of \$260 million and was conditionally approved in 2008 through Public Law 29-125. The Plan consists of Phases I-A and I-B with a focus on critical maintenance and repair of waterfront activities over the next five years and Phase II with a focus on expansion needed to address long-term cargo growth demands of Guam and neighboring islands over the next twenty years. In 2009, the Guam Legislature approved Phases I-A and I-B of the Plan through Public Law 30-57.

In June 2008, through a Memorandum of Understanding (MOU), the Authority partnered with the Maritime Administration (MARAD) for the "Port of Guam Improvement Enterprise Program" (the Program). MARAD was designated as the lead federal agency assisting the Authority in securing funding sources to modernize its facilities and operations. Under the Program, MARAD is to provide federal oversight and coordination of projects, act as a central procurement organization, leverage federal, non-federal and private funding sources, and streamline the environmental review and permitting process. The partnership with MARAD was formalized through U.S. Public Law 110-417, *National Defense Authorization Act for 2010*. U.S. Public Law 110-417 also established the "Port of Guam Improvement Enterprise Fund" (the Fund), a separate account in the Treasury of the United States that will be used to receive funding from federal and non-federal sources to carry out the Program.

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Notes to Financial Statements
September 30, 2012 and 2011

8. Commitments and Contingencies, Continued

Port Modernization Plan, Continued

The Authority commenced with the Phase I-A of the Plan in 2010 and is to be funded by the following:

Appropriation from the U.S. Department of Defense (USDOD)	\$ 50,000,000
Appropriations from the USDA:	
Direct loans	25,000,000
Community Facilities Guaranteed Loan with ANZ	25,000,000
Guaranteed term loan with ANZ	<u>4,500,000</u>
	<u>\$ 104,500,000</u>

The appropriation from the USDOD is sourced from the 2010 U.S. Supplemental Appropriations Act that was signed into law in August 2010. The appropriation was transferred to the Fund on September 22, 2010 and will be administered and disbursed by MARAD based on the terms of the MOU, however, with the approval and authorization of the Authority. The Authority intends to first utilize this appropriation before the USDA appropriations.

The appropriations from USDA were awarded on October 22, 2010. On the same date, the Authority received \$3,500,000 of the guaranteed term loan with ANZ (see note 5). The remaining \$1,000,000 guaranteed term loan is unused as of September 30, 2012. The Authority plans to issue a request for proposal in FY2013 for the utilization of the unused portion.

In 2011, due to changes in certain factors relating to the military buildup and cargo forecast, management no longer intends to utilize the \$25,000,000 Community Facilities Guaranteed Loan with ANZ and has formally withdrawn the loan application on April 17, 2012. Also, USDA communicated with the Authority that the \$25,000,000 direct loan is to be used within a reasonable amount of time after obligation and encouraged the Authority to finalize their plans of loan utilization. Given the current budget situation in the U.S. Congress, all loans that have been obligated but not yet closed and disbursed are facing increased scrutiny. On December 20, 2011, the Authority requested the USDA to extend the direct loan. As of the audit report date, the Authority has not received the approval from USDA.

At September 30, 2012, the Authority has \$13.8 million recorded in construction work in progress for the Port Modernization Plan. Realization of these assets is dependent on future events, including continuation of the Plan as currently envisioned.

USDA Community Facility Loans

In 2010, USDA also awarded a \$2,000,000 direct loan and \$12,000,000 of guaranteed loans intended for the purchase of gantry cranes pursuant to Public Law 30-100 which mandates the Authority to acquire at least two gantry cranes no later than December 31, 2012. In November 2011, Public Law 31-145 was enacted authorizing the Authority to enter into negotiations with Matson and Horizon for the specific purpose of acquiring one or more refurbished gantry cranes through purchase or lease-to-own. On August 27, 2012, the PUC approved the Sales Agreement and Interim Maintenance Agreement related to the purchase of the refurbished cranes. Further, on September 25, 2012, the PUC authorized the Authority to proceed with finalizing the loan documents with ANZ for a \$12,000,000 loan which is guaranteed by USDA. The Authority anticipates that it will no longer utilize the \$2,000,000 direct loan from USDA.

PORT AUTHORITY OF GUAM
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Notes to Financial Statements
September 30, 2012 and 2011

8. Commitments and Contingencies, Continued

Government of Guam General Fund

In March 2011, the Authority received a \$12,250,000 invoice from the Government of Guam's Department of Administration (DOA) representing an annual assessment of \$875,000 for each of the fiscal years 1998 to 2011 pursuant to 5 GCA Chapter 22 Section 22421, *Transfer of Autonomous Agency Revenues To Autonomous Agency Collections Fund*. In May 2011, the Authority responded to DOA requesting a further review of the assessment as the Authority believes that it does not owe DOA the entire \$12,250,000 based on previous funds transferred in 1994 and 1997 of \$500,000 and \$3,500,000 to the General fund and to the Government of Guam Autonomous Agency Infrastructure Collection Fund (AAICF), respectively. The Authority also asserts that it funds certain government services provided by the Guam Customs and Quarantine Agency, Guam Environment and Protection Agency, Guam Police Department and Guam Fire Department through ongoing operations at Port; contributes to GEDA and Port's Base Realignment and Closure Commission; and, will fund the Tri-Star Pipeline and water line projects in the future. Further, the Authority understands that is only required to transfer amounts to the AAICF when there is an operating surplus.

In September 2011, the Authority accrued \$700,000 representing its liability towards the AAICF funding based on its interpretation of the law. The amount is included in accounts payable, trade and others in the accompanying statements of net assets as of September 30, 2012 and 2011.

Lawsuit and Claims

The Authority is a defendant in various lawsuits and proceedings arising in the normal course of business. While the outcome of these lawsuits and proceedings cannot be predicted with certainty and could have a material adverse effect on the Authority's financial statements, it is the opinion of management, after consulting with its legal counsel, that the ultimate disposition of such suits and proceedings will not have a material adverse effect on the Authority's financial statements.

Financial and Compliance Audits

The Authority participates in a number of federally assisted programs. These programs are subject to financial and compliance audits to ascertain if Federal laws and guidelines have been followed. Cumulative questioned costs of \$965,335 relating to fiscal year 2012 have been set forth in the Authority's Single Audit Report for the year ended September 30, 2012. The ultimate disposition of these questioned costs can be determined only by final action of the respective grantor agencies. Therefore, no provision for any liability that may result upon resolution of this matter has been made in the accompanying financial statements.

Merit System

In 1991, Public Law 21-59 was enacted to establish a bonus system for employees of the Government of Guam, autonomous and semi-autonomous agencies, public corporations and other public instrumentalities of the Government of Guam who earn a superior performances grade. The bonus is calculated at 3.5% of the employee's base salary beginning in 1991. The Authority has not assessed the impact of the requirements of the law as of September 30, 2012. Therefore, no liability which may ultimately arise from this matter has been recorded in the accompanying financial statements.

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Notes to Financial Statements
September 30, 2012 and 2011

9. Subsequent Events

On December 20, 2012, the Authority signed an agreement with Matson for the \$12 million purchase of four cranes. A loan equal to the purchase cost was obtained from ANZ as part of the Port Modernization Plan Funding Source as discussed in note 8.

OTHER FINANCIAL INFORMATION

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Details of Operating Expenses
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Management and administration:		
<i>Management:</i>		
Salaries and wages - regular	\$ 332,304	\$ 237,072
Benefits - Government contribution	104,484	71,073
Annual leave	21,854	12,478
Fringe benefits	9,893	8,499
Office supplies	1,763	2,133
Furnishings and equipment	149	1,962
Miscellaneous	<u>14,701</u>	<u>22,768</u>
Total management	<u>485,148</u>	<u>355,985</u>
<i>Administration:</i>		
Salaries and wages - regular	5,196,957	4,974,332
Benefits - Government contribution	1,677,026	1,538,060
Annual leave	405,284	391,834
Fringe benefits	300,579	319,710
Repairs and maintenance	168,260	169,143
Salaries and wages - overtime	150,064	112,746
Salaries and wages - other	53,112	55,543
Furnishings and equipment	39,308	30,055
Office supplies	27,967	31,371
Operational supplies	17,457	26,398
Miscellaneous	<u>240,403</u>	<u>231,125</u>
Total administration	<u>8,276,417</u>	<u>7,880,317</u>
Total management and administration	<u>\$ 8,761,565</u>	<u>\$ 8,236,302</u>

See accompanying Independent Auditors' report.

PORT AUTHORITY OF GUAM
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Details of Operating Expenses, Continued
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Equipment Maintenance:		
Salaries and wages - regular	\$ 2,036,291	\$ 1,981,044
Repairs and maintenance	1,505,005	1,568,612
Benefits - Government contribution	698,614	659,839
Operational supplies	346,744	608,847
Salaries and wages - other	167,113	197,090
Annual leave	158,222	147,120
Fringe benefits	156,898	170,183
Salaries and wages - overtime	108,291	190,304
Contractual	82,348	53,206
Furnishings and equipment	4,644	31,506
Office supplies	2,230	1,473
	<u>5,266,400</u>	<u>5,609,224</u>
Total equipment maintenance	<u>\$ 5,266,400</u>	<u>\$ 5,609,224</u>
Transportation Services:		
Salaries and wages - regular	\$ 2,292,477	\$ 2,352,393
Benefits - Government contribution	786,850	780,862
Gas, oil and diesel	490,954	559,429
Fringe benefits	185,770	203,314
Annual leave	182,162	187,196
Salaries and wages - overtime	146,653	158,404
Salaries and wages - other	122,621	127,702
Furnishings and equipment	1,591	313
Operational supplies	1,047	1,324
Office supplies	632	861
	<u>4,210,757</u>	<u>4,371,798</u>
Total transportation services	<u>\$ 4,210,757</u>	<u>\$ 4,371,798</u>

See accompanying Independent Auditors' report.

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Details of Operating Expenses, Continued
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Stevedoring Services:		
Salaries and wages - regular	\$ 1,896,230	\$ 1,823,300
Benefits - Government contribution	618,222	596,122
Salaries and wages - overtime	141,232	167,483
Fringe benefits	138,688	133,972
Annual leave	130,982	128,843
Salaries and wages - other	114,097	119,806
Operational supplies	13,736	3,022
Office supplies	1,040	1,781
	<u>3,054,227</u>	<u>2,974,329</u>
Total stevedoring services	\$ <u>3,054,227</u>	\$ <u>2,974,329</u>
 Facility Maintenance:		
Salaries and wages - regular	\$ 869,283	\$ 893,115
Benefits - Government contribution	300,704	286,360
Operational supplies	101,068	100,933
Annual leave	71,769	73,797
Salaries and wages - overtime	67,015	21,193
Fringe benefits	65,700	64,194
Salaries and wages - other	14,331	20,173
Furnishings and equipment	7,453	1,257
Office supplies	185	499
Miscellaneous	2,545	7,068
	<u>1,500,053</u>	<u>1,468,589</u>
Total facility maintenance	\$ <u>1,500,053</u>	\$ <u>1,468,589</u>

See accompanying Independent Auditors' report.

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Details of Operating Expenses, Continued
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Terminal Services:		
Salaries and wages - regular	\$ 1,254,532	\$ 1,197,439
Benefits - Government contribution	407,728	378,347
Fringe benefits	98,207	104,786
Annual leave	83,730	79,325
Salaries and wages - overtime	50,891	33,630
Salaries and wages - other	35,750	35,291
Office supplies	8,611	12,264
Furnishings and equipment	-	3,606
Operational supplies	700	144
	<u>1,940,149</u>	<u>1,844,832</u>
Total terminal services	<u>\$ 1,940,149</u>	<u>\$ 1,844,832</u>
 General Expenses:		
Professional services	\$ 1,043,043	\$ 1,702,934
Legal counsel	299,222	445,854
Managers' fee	411,862	407,969
Waste removal	144,740	129,138
Workmen's compensation injury allowance	66,056	106,701
Maintenance	97,455	89,255
Audit	43,523	47,158
Port incentive award	42,866	35,802
Agency fee	38,683	30,087
Claims and damages	31,253	31,282
Inventory adjustment	7,780	(8,973)
Board of Directors expense	6,751	3,761
Miscellaneous	154,941	213,676
	<u>2,388,175</u>	<u>3,234,644</u>
Total general expenses	<u>\$ 2,388,175</u>	<u>\$ 3,234,644</u>

See accompanying Independent Auditors' report.

PORT AUTHORITY OF GUAM
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Summary of Salaries and Wages
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Salaries and wages - regular	\$ 13,878,074	\$ 13,458,695
Benefits - Government contribution	4,593,628	4,310,663
Fringe benefits	955,735	1,004,658
Salaries and wages - overtime	664,146	683,760
Salaries and wages - other	<u>507,024</u>	<u>555,605</u>
	<u>\$ 20,598,607</u>	<u>\$ 20,013,381</u>

See accompanying Independent Auditors' report.

PORT AUTHORITY OF GUAM
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Employees by Department
Years Ended September 30, 2012 and 2011

Department:	<u>2012</u>	<u>2011</u>
Management and administration	125	129
Equipment maintenance	53	60
Transportation services	65	63
Stevedoring services	57	52
Facility maintenance	24	24
Terminal services	37	36
	<u>361</u>	<u>364</u>

See accompanying Independent Auditors' report.

BOARD OF DIRECTORS



*Daniel J. Tydingco, Chairman
Michael T. Benito, Vice Chairman
Mary Michelle Gibson, Secretary
Eduardo R. Ilao, Member
Christine Won Pat Baleto, Member*

Resolution No. 2013-01

**RELATIVE TO THE DESIGNATION OF SIGNATORIES FOR THE
PORT AUTHORITY OF GUAM**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PORT AUTHORITY OF GUAM:

WHEREAS, the Port Authority of Guam's management personnel have recently changed; and

WHEREAS, the Port Authority of Guam (PAG) recognizes the need to implement internal controls over check signing and to update instructions to depositories so that there is a clear understanding regarding the Authority's check signing authority; and

WHEREAS, to ensure that the day-to-day operations of the Port Authority of Guam continue without disruption, management personnel must be able to access the Authority's accounts; now therefore be it

RESOLVED, that the following listed management personnel of the Port Authority of Guam are authorized, on behalf of the Authority, to sign bank checks and drafts for the withdrawal and/or transfer of funds, drawn on all financial institutions containing monies of the Authority, and to endorse and accept checks, drafts, notes, and other paper payable to and by this Authority:

<u>Name of Employee</u>	<u>Position Title</u>
1. Joanne M.S. Brown	General Manager
2. Felix R. Pangelinan	Acting Deputy General Manager
3. Alma B. Javier	Acting Corporate Services Manager
4. Joann B. Conway	Acting Financial Affairs Controller/ General Accounting Supervisor

and be it further

RESOLVED, that the General Account checks written for \$100,000 or less shall be signed by any two signatories from either the General Manager, Deputy General Manager, Corporate Services Manager, or General Accounting Supervisor; and be it further

RESOLVED, that the checks over \$100,000, the order established for manual signing will be the Corporate Services Manager as the first signatory, and in the absence of the General Manager, the Deputy General Manager will be the second signatory; and be it further

RESOLVED, that payroll checks \$10,000 or less will be signed by the Financial Affairs Controller. In his absence, the alternates would be the General Accounting Supervisor, Corporate Services Manager, Deputy General Manager, or General Manager. Payroll checks over \$10,000 will be manually signed by the General Manager; and be it further

RESOLVED, that the Secretary of the Board of Directors shall certify to said financial institutions licensed to do business on Guam and in conformance with all territorial banking laws and rules and regulations of the Port Authority of Guam the names of the above listed persons presently holding the office or position above stated, and from time to time shall immediately certify to said financial institutions any changes in the same; and be it further

RESOLVED, that the Secretary is authorized and direct or delivery a certified copy of this resolution to the financial institutions; and be it further

**PASSED AND ADOPTED UNANIMOUSLY BY THE BOARD OF
DIRECTORS THIS 31st DAY OF JANUARY, 2013.**

**DANIEL J. TYDINGCO
CHAIRMAN, BOARD OF DIRECTORS
PORT AUTHORITY OF GUAM**

**MARY MICHELLE GIBSON
SECRETARY, BOARD OF DIRECTORS
PORT AUTHORITY OF GUAM**