



**FELIX P. CAMACHO**  
Governor of Guam

**MICHAEL W. CRUZ**  
Lieutenant Governor

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**MINUTES OF THE**  
**REGULAR MEETING OF THE BOARD OF DIRECTORS**  
**Thursday, October 22, 2009**

**I. CALL TO ORDER**

There being a quorum, the regular meeting of the Board of Directors was called to order at 5:05 p.m., Thursday, October 22, 2009. Present at the meeting were:

Monte Mesa, Chairman  
Jovyna Lujan, Vice Chairperson  
Marilou Lacson, Board Secretary  
Joseph Camacho, Member  
William Beery, Member  
Glenn A. Leon Guerrero, General Manager  
Enrique J.S. Agustin, Deputy General Manager  
Atty. Rebecca Santo Tomas, Co-Counsel

Also present were Lea Santos-Senator James Espaldon's office; Atty. Anita Arriola & TriStar Representatives; Jay Sunga-Senator Tom Ada's office; AM Insurance-AnnMarie Muna; John Perez/Jerry Tang-Cementon Micronesia; George Quinata-SAIC; Capt. Tom Buckley-Aquaman Charters and Port Management staff.

**II. APPROVAL OF MINUTES**

a. **September 24, 2009:** Before the approval of minutes, the Chairman made the following corrections: Page 6, item b, second paragraph, last sentence – report should also include *on a month-to-month basis*.

The Chairman also asked the status of the following items:

- Facility Maintenance Fee – will be reported under Finance committee
- Refurbishment Report of Gantry 2 – will follow up on report with PACECO.
- 10 Priority Repairs on Marinas – will re-issue to Board.
- Abandoned Boats at Marinas – will be reported under Procurement committee
- DOAgriculture Boating Access Fund – the Chairman stressed the need to pursue this grant with DOAgriculture in order to improve the marina facilities.

Without further corrections made and follow ups, Mrs. Lacson made a motion to approve the minutes of September 24, 2009 subject to correction. The motion was seconded by the Vice Chairperson and was unanimously passed.

### **III. CHAIRMAN'S REPORT**

1. PB America – Met with Mr. Jeff Schechtman from PB America who will be working with the Port on Phase I of the master plan development.
2. Matson/Horizon Officials – Visited by executives from Matson Navigation and Horizon Lines that presented the Port with a letter requesting the Board to make amends to the License Agreement which entails a maintenance agreement as well as a third party agreement, but more importantly its now officially documented that both carriers are open to discussing the possibility of selling the POLA Cranes to the Port.
3. DUSOD Official – Met with Dr. Dorothy Robyn, Deputy Under Secretary of Defense (Installation/Environment) the week of October 11, 2009 and it was very encouraging and positive in a sense that the Department of Navy is supporting the efforts of the Port on its master plan development.
4. Korea Trade Mission-Business Symposium – Returned from the business symposium held in Korea which is basically attracting businesses and investments out of Korea. There are high interests with Korean contractors which include Samsung that is interested in helping construct and modernize the port; Hanjin Heavy Industries & Construction and STX to include others that are very aggressive. It was a very successful symposium.
5. FY 2010 Budget – Advised member Camacho that FY 2010 budget was approved based on certain conditions: organizational chart adjustment, monthly worksheet consistent to financial statement and employee count format. The Chairman deferred this matter to member Camacho to handle.

### **IV. GENERAL MANAGER'S REPORT**

1. MARAD PMT - Expect to select PMT by mid November. Kick-off is slated for 3<sup>rd</sup> week of November 2009.
2. OAE/PBI – Terminal Development Work kick-off took place week of September 28, 2009. Consultants met with local/federal regulatory agencies to look at the Phase I implementation plan. Expect final draft by first week of December 2009. Also, expect construction phase to commence in April 2010 given the funding anticipated.
3. ARRA Tiger Grant & USDA Guaranteed/Direct Loan – Governor Felix P. Camacho has an appointment with Secretary Ray Lahood on November 5, 2009 in Washington DC. Focus of meeting is to request support for the Port's \$50M Tiger grant application.

4. EDA Funding – Governor Camacho was scheduled to go to EDA; however, learned that his Chief of Staff George Bamba will represent him to solicit EDA grant funding for the years 2012 and 2013. This meeting will take place in Seattle on November 9, 2009 with Regional Director Len Smith and Office of Economic Adjustment Gary Kuwabara.

5. Performance Management Contract (PMC) – Numerous discussions have been made with PAG/PBI Team, essentially on the procurement process and financing issues.

6. Labor Negotiator – Selection has been made. Cost negotiations will commence with best qualified proposer.

7. Senator James Espaldon letter re Watts Construction – Management received a letter dated October 18, 2009 from Senator James Espaldon concerning cargo movement outside of the Port Authority. A meeting took place this afternoon with Senator Espaldon; representatives from Senator Tom Ada's office and Congresswoman's office; Customs and GEDA. It has been found that Watts Construction has exported beams and aggregate sand through Guam Shipyard. Discussions are in place to resolve this matter. Legal has been advised to prepare a letter to GEDA.

8. Port Tour – Mr. Shenal Basnayake, Port of Townsville, Australia was able to tour the port on October 15, 2009. Port of Townsville is undergoing similar efforts as the Port.

## V. COMMUNICATIONS

1. List–Federal Grant & Local Funding Programs: For Board's information.
2. Government of Guam Fiscal Year 2010 Budget Act: *Informational Purposes*

At this time, the members agreed to entertain items under old business.

## VII. OLD BUSINESS

c. Cementon Micronesia – Cement Silo Status: At this time, the members recognized representatives from Cementon Micronesia, namely Messrs. Jerry Tang and John Perez. Mr. Tang thanked the members and said the cement silo project is on schedule. The leased area will be fenced off in December 2009, with ground breaking ceremony on January 2011. It was learned that the leased area was not entirely accurate, so a retracement of the property was performed. This caused a reduction in space; but did not reduce the total storage capacity by much – original 24,000 metric tons; now 22,000 metric tons. He mentioned that this also affected the silos as it had to be redesigned and relocated due to the property size reduction. The plans are being done in Taiwan and China and the local engineering company is Duenas-Camacho & Associates. Mr. Tang expressed that the company is very excited and assured the Board that the structure to be built will be done by very reputable contractors. Mr. Perez mentioned that Duenas-Camacho & Associates was hired as the engineer of record for Guam for compliance purposes primarily but to also check the calculations and make sure the designs meet

the specifications. He said initially the composite silo configuration was suppose to be made of concrete and steel, but because of the reduction of parcel 3-1, both the composition of silos and placement at the site had to be rearranged. Mr. Perez mentioned that Cementon Micronesia is looking to finalize the project by next year and contemplates operation by 3<sup>rd</sup> or 4<sup>th</sup> quarter of 2011.

The Chairman asked whether arrangements have been secured with Mobil to access the pier and unloading of cement products. Mr. Tang said discussions have been made with Mobil, however intermittently as it depends on what stage of the design is currently in. Mobil has been very cooperative; in fact another meeting is scheduled for next week. Mr. Perez added that Mobil has been very receptive. Mr. Beery asked whether permitting process have started. Mr. Tang said in order to not make the permitting process delay construction, there will be two phases to this project – obtaining the foundation permits first; then proceed with the vertical structures as it is easier to do. Mr. Perez added that a soil test was done and it appears the land is sustainable, so things are looking very positive.

d. **TriStar Assignment:** The members recognized the presence of Attorney Anita Arriola, counsel to TriStar. Attorney Arriola thanked the members and said TriStar is the buyer of the Agat Facility from Shell Guam Incorporated and as the buyer, TriStar needs to get the Ports consent to assign seven agreements from Shell to TriStar. One includes the F1 Facility Management and Operations Agreement which is the maintenance agreement between Shell and the Port that has to do with the maintenance and operation of the F1 docks. At the last Board meeting, TriStar was authorized conditional approval which includes:

- to amend the F1 Management Agreement to include third party access to cement suppliers, but as well the Port will allow TriStar to develop rules and regulations governing the access to F1 dock as well as charging user fees to cement suppliers in order to recover cost for the operating and managing of the F1 docks;
- Port imposed an increase in rents for all easements and leases because there has not been increase in rents for many years. Board also approved an increase rent either in an open space rate through Public Law 30-19 or the appraise value of the properties whichever is greater; and
- the Port imposed a performance bond from one of TriStar's either parent or affiliate company which is Agility for \$250K.

Attorney Arriola said meetings have taken place between the two parties on these conditions and TriStar has no problems with amending the F1 Management Agreement to include access to cement suppliers. Secondly, on the increase in rent, all parties came to a collective decision that, in fact there is a new public law that requires the Public Utilities Commission to pass or approve on an increase in rates or rents and so the Port agreed to keep the current rates of the leases currently in effect now; until new rates are implemented. The performance bond will be from Agility at \$250K and the agreement was for five years.

As a point of clarification, the General Manager said the Port and TriStar had negotiated that in any open space, the recommendation is to allow TriStar to maintain the current rates,

because currently Public Law 30-19 only allows charges for open space, office, warehouse and telecommunications. He mentioned that open space does not fall within easements and until a new rate can be established which would be through management working with the Public Utilities Commission and establish those easement rates. It is therefore being recommended for the Board to approve the recommendation of keeping the current rate at \$80K until a new rate is established which is more applicable to easements and not open space rates. If the open space rate is applied, the amount will be \$2.5M. With respect to user fees for cement, management and TriStar are still in negotiations.

Mr. Camacho asked for management to provide a list of what the current easements are with the Port and its respective revenues.

The Chairman clarified and said in terms of TriStar charging cement suppliers user fees – this arrangement does not take the place from what the Port should be earning thru the throughput rates on cement. The General Manager said the Port needs to establish wharfage or throughput rates for cement which will be included in the number of items to be presented to the Public Utilities Commission. Currently the Port does not have bulk rates specific to cement, what is being applied is the throughput rates for petroleum. Mr. Camacho asked whether there are any throughput coming into the port docks that is not being charged. The Chairman replied positively and said there is a court case which ruled in favor of Hansen Cement some time ago. Mr. Camacho said discussions on this matter should be further made by the Executive Committee. The Chairman said going back to discussions on throughput, he expressed to TriStar that the throughput rates on petroleum is no different if its cement and understands that if TriStar wants to assess a certain rate to ensure their infrastructure is protected, the Port will still be whole in its throughput revenues. Attorney Arriola understands that these are separate fees – the user fee is for the maintenance, operation of the upkeep of the F1 dock. Legal Counsel said any fees that would be done with cement products, like petroleum products, but the reason why the amendments are necessary is because the original language in the F1 Management Agreements states petroleum products; however, TriStar would only be charging management fees for cement products, similar to the mechanism of what is allowed for under the management agreement for charging management of petroleum products. In other words, the fees that TriStar would be charging for services would be solely the fees similar to how TriStar would charge user management petroleum products only in this instance to management of cement products.

The Vice Chairperson made motion to approve the assignment of Shell's interest in the management easement and leases to TriStar with the following conditions:

1. Management Agreement: TriStar will allow cement products to be included in the Management Agreement. Policies and procedures will be developed by TriStar subject to any applicable laws, rules, regulations or policies and approval by the Port Authority;
2. Rate Charges for Easements and Leases: TriStar will remain at the current rate under the Shell Agreements; however, at such time if and when the Public Utilities Commission shall establish applicable easements or leases rates that may apply to

those, those rates will become effective immediately upon implementation and approval by the Public Utilities Commission; and

3. Performance Bond: Agility or parent Agility will provide a \$250K performance bond at a minimum for the term of the management agreement; however, TriStar have agreed to do it for five years.

Motion on the floor was seconded by Mrs. Lacson and was unanimously approved.

a. **Board Ratification-OAE Task Orders:**

1. Task Order No. 8-2 Legislative Questions on Master Plan – Mrs. Vivian C. Leon, Corporate Services Manager said the legislative hearing on the Port master plan was re-scheduled from the week of August 24 to September 7. The task order included travel and accommodations for two PBI consultants to attend the hearing and answer questions and concerns from the Guam Legislature. The task order amount is \$37,998.00 funded by Office of Economic Adjustment. The Chairman asked what is included in the task order amount. Mrs. Leon mentioned the amount includes consultant fees/labor, travel and hotel accommodations and printed materials.

Mr. Camacho made motion to approve the Owner's Agent/Engineer Task Order No. 8-2 Legislative Questions on Master Plan at \$37,988.00, seconded by Mr. Beery. Motion was unanimously approved.

2. Task Order No. 7-2 PMC RFP, Proposal Evaluation & Negotiation – Mrs. Leon said an interim notice to proceed was provided to PBI, not to exceed \$15K. Meetings have taken place via teleconference reviewing the task order, scope of work and procurement process. A meeting is scheduled next week to discuss the PMC compensation structuring. The task order amount is \$290,602.00 funded by the Office of Economic Adjustment. The General Manager requested for the Board to include within this task order for Mrs. Leon to travel to New York, Oakland, Seattle and in Asia (Singapore and Philippines) to be with the consultants and participate on the industry consultation sessions.

The Chairman advised management to include member Beery to participate in the task order discussions relating to construction activities. Mr. Camacho asked that management provide the Board with a checklist of all the task orders and status of each.

Mrs. Lacson made motion to approve Owner's Agent/Engineer Task Order No. 7-2 PMC RFP, Proposal Evaluation & Negotiation at \$290,602.00 to include approval on travel accommodations for the Corporate Services Manager to be with consultants and participate in the industry consultant sessions, seconded by Mr. Camacho. Motion was unanimously approved.

The General Manager said the PMC RFP will be issued first week of December 2009 with a pre-proposal conference slated for January 2010.

3. Task Order No. 20 Geotechnical, Geology and Seismic Services – Mrs. Leon said the purpose of this task order is to perform a geotechnical field investigation and prepare a preliminary geotechnical investigation report that will include logs of backland and offshore soil conditions, and preliminary geotechnical design recommendations. The task order amount is \$819,587.00 funded by Department of Interior – Office of Insular Affairs.

Mrs. Lacson made motion to approve Owner's Agent/Engineer Task Order No. 20 Geotechnical, Geology and Seismic Services at \$819,587.00, seconded by Mr. Camacho. Motion was unanimously approved.

Mr. Beery asked who the recipient of this task order is. The General Manager said PBI has subcontracted to GEO Engineering.

4. Task Order No. 26-1 USDA Loan Application Support – Mr. Herman T. Paulino, Planner IV said the purpose for this task order was for the consultants to prepare a USDA Loan application for the Phase I-A capital investments of the port master plan. The task order amount is \$85,984.00 funded by the Port Authority. He mentioned that USDA required an independent third party to prepare the information and application. Mr. Camacho asked whether this task could have been performed by other than PBI as this was a concern expressed by the Guam Legislature. Mr. Paulino mentioned that was the initial consideration; however, there was a critical time element to executing the USDA application and issuing a request for proposal would not have met that timeline. He said this task was allowable under the scope of work of PBI. Mr. Camacho advised management that for instances that do not have any time pressure that it be placed out on bid and consider opening these tasks to other contractors as an opportunity. The Chairman asked why the Port Authority is funding this task order. The General Manager said federal grant funds cannot be used to apply for other federal grants.

Mr. Camacho asked that all task orders moving forward that will be funded by the port coffers are to be presented before the Finance committee for review.

The Vice Chairperson made motion to approve the Owner's Agent/Engineer Task Order No. 26-1 USDA Loan Application Support at \$85,984.00, seconded by Mr. Beery. Motion was unanimously approved.

*At this time of 6:30pm, Mrs. Lacson was excused from the meeting to attend a prior engagement.*

e. **Board Ratification – Travel:**

1. Port Productivity Conference, Long Beach, CA – October 6-7, 2009 – The Chairman said the Board had approved travel at its previous meeting for the Operations Manager to attend the AAPA Annual Convention in Galveston, Texas; however, this conference was more related to port operations and found to be a more worthwhile conference for the Operations Manager to participate in. Mr. Camacho made motion to ratify the change of venue for the

Operations Manager to attend the Port Productivity Conference, Long Beach, California held October 6-7, 2009. Motion was seconded by Mr. Beery and was unanimously approved.

Mr. Camacho expressed concerns on travel as it seems to be frequent and costly. He said before the Board approves a trip there should be justification based on criteria on what will be gained from it and benefits it will result in. Mr. Camacho asked management to establish criteria on what the benefits of travel will be for the Port and why it is necessary. He commented that travel takes management's time away from what is suppose to be completed here at the Port and sets the Port back in terms of what is trying to be accomplished.

2. Guam Build Up Symposium and Business Opportunities Conference – Korea – October 19-21, 2009 – As mentioned earlier, the Chairman said in attending this conference, he found it to be promising and learned of high profile companies that are interested in the Port in its modernization. He provided the Board with materials presented at the conference. The Vice Chairperson made motion to ratify travel accommodations for the Board Chairman to attend the Guam Build up Symposium and Business Opportunities Conference in Korea held October 19-21, 2009, seconded by Mr. Beery. Motion was unanimously approved.

b. Proposed Port Owned Pipeline Replacement – The General Manager said the Port has budgeted \$2.5M for the replacement of the Mobil pipeline. Mr. Camacho said the Finance committee did review this matter and recommends for the Port to fund this project. Mr. Camacho made motion to approve for the Port Authority to fund the replacement of the Mobil pipeline, seconded by the Vice Chairperson. Motion was unanimously approved.

## VIII. NEW BUSINESS

### a. Travel Authorization Request:

1. 2009 Defense Community Conference, Orlando, FL – November 2-5, 2009 – The General Manager said the Office of Economic Adjustment is using the Port Authority in its case study before an entire nation where Governor Camacho will be in attendance. He mentioned that he was asked to attend to answer technical questions and share how federal government partnership is with local government and the Port's partnership with private entities and how the Port was able to begin achieving the challenges thus far involving the military buildup in such a short period of time. In addition, Governor Camacho will be meeting with Secretary Lahood in Washington DC on November 5 to promote the Port's Tiger Grant Application of \$50M and request for support and consideration. Afterwards, a meeting will be held with EDA Regional Director Len Smith in Seattle on November 9 to discuss 2012 and 2013 port funding strategies. This meeting will include the General Manager, Chief of Staff George Bamba and Office of Economic Adjustment Gary Kuwabara. The General Manager said OEA will fund his entire trip; however, he request the Board to allow the Port Authority to fund Mr. Bamba's trip from Florida to Seattle to attend the meeting with EDA representative. He explained that it is imperative that Mr. Bamba be part of EDA meeting as there exist relationship between parties (Governor's office and EDA office).



Mr. Camacho asked whether this is budgeted. The Chairman said the travel budget for this fiscal year is \$50K. The Vice Chairperson expressed concern about balance with other departments and wondered whether the management objectives of every department have been looked at within the Port. And has those objectives been weighed against each other to raise heightened priority on top issues and whatever travel may be required associated with those objectives. For example, 2010 the PMC contract is a major objective, so evidently the Corporate Services Manager's travel is justified as this trip is going to lead to a tangible outcome and that is to bringing PMC on board based on her ground work she's going to conduct. The Vice Chairperson expressed interest in knowing about all the other departments in order to establish balance of tackling the top 3 strategic or mission objectives of the agency established for the fiscal year and have a chance to weigh travel that would be warranted, associated with those objectives. The Chairman asked management to prepare an outline on what possible travel may be contemplated for moving towards the direction of executing the port master plan as well as getting the training that is needed.

Mr. Camacho commented that he does not understand why OEA is funding the General Manager's entire trip and not the Chief of Staff's trip, and thought to simply ask OEA to pay for it. The General Manager said his presence at EDA without the Chief of Staff is an effort in futility because of the relationship ties that the administration has with EDA. Mr. Camacho said if that is so, then the Chief of Staff should go instead. The Vice Chairperson said the travel to EDA for the port funding for the years 2012 and 2013 is very important to the Ports mission. The General Manger reiterated that the success of EDA is contingent upon support from the administration because of the relationship. If the Governor or the Chief of Staff is not present, then it will not work. EDA does not grant funds based on need – it grants based on the Governor's Comprehensive Economic Development Strategies.

The Vice Chairperson made motion to approve travel accommodations for the General Manager to attend the 2009 Defense Community Conference, Orlando Florida on November 2-5, 2009 to include site meetings in Washington DC and Seattle for purposes of supporting existing grant application and obtaining additional federal grant funding support for the years 2012 and 2013 period, respectively and authorize the Port Authority to fund the travel from Florida to Seattle for the Governor's Chief of Staff, namely Mr. George Bamba to accompany the General Manager and possibly secure such funding. Motion was seconded by Mr. Beery and was unanimously approved. The General Manager said he will attempt to ask OEA to fund Mr. Bambas' trip. Mr. Camacho said that would be a good idea.

2. 2009 National Port Readiness Network/AAPA Strategic Port Workshop, Washington DC on November 3-4, 2009 – The General Manager request the Board to allow for the Corporate Services Manager and Chief Planner to attend the NPRN Strategic Port Workshop. As the Port was designated as the United States 16<sup>th</sup> Commercial Strategic Seaport, this is an opportunity to engage with other NPRN members and to obtain a general idea of what to expect as a strategic seaport. Mr. Beery made motion to approve travel accommodations for one port personnel to attend the 2009 National Port Readiness Network/AAPA Strategic Port Workshop in Washington DC on November 3-4, 2009. Motion was seconded by the Vice Chairperson and was unanimously approved.

As the matter relates to items discussed on the agenda, there were no objections to entertain the following item.

#### Public Utilities Commission

The General Manager asked for Board's approval for management to send a letter to the Public Utilities Commission requesting for interim rates to be implemented in January 2010 for 3.6% increase in tariffs, easement lease rates, throughput rates for fuel, throughput rates for cements, Facility Maintenance Fee. Mr. Camacho made motion to authorize management to send a letter to the Public Utilities Commission relative to the rate proposal, seconded by Mr. Beery. Motion was unanimously approved. The Chairman asked that the draft letter be reviewed by the members and the Finance committee.

At this time, the members entertained items under Reports.

### VI. REPORTS

a. **Insurance Reports:** Ms. AnnMarie Muna-AM Insurance provided the August and September 2009 insurance report for Board's information. Mr. Camacho wondered what is the claim and accident experience compared to other ports of similar size. He asked AM Insurance to look into this matter.

The Chairman asked the status of the Owner's Controlled Insurance Program (OCIPs). Ms. Muna said research is still being made with all available markets.

b. **Operations Productivity Report:** Mr. John B. Santos, Operations Manager presented the August 2009 operations report and briefly reported the following:

- Domestic Vessel Recap - Horizon and Matson combined totaled 5,570 container lifts. Horizon had a total of four vessel calls averaging 18.4 gmph versus Matson with five vessel calls averaging 18.7 gmph.
- Inbound (Discharged) Containers – Horizon at 1,037 containers for September; and 1,884 for Matson same period.
- Container Count Comparison – Operations moved a combined total of 8,074 container lifts versus last year same period at a total of 8,391 container lifts.
- Import Local and Military Containers (TEU's) – Both Matson and Horizon imported a combined total of 3,823.1 TEU's for local and 1,364 TEU's for the military.
- Mobile Harbor Crane Log – The MHC was not used during this period.

Mr. Santos said under the ATOSSCOM membership, there are six representatives from different islands that arrived Guam this week and are undergoing training relating to terminal operations. The Chairman said one other opportunity in speaking with representatives from Government of Palau who were on island earlier this month expressed interest in the mobile

harbor crane. He asked management to look into the possible sale of the mobile harbor crane to the Government of Palau. The Port will soon be looking at purchasing another crane and the mobile harbor crane may not be as useful then.

Mr. Camacho asked whether port personnel are used to operate the POLA Cranes for unloading non-Matson/Horizon vessels and is the Port covered under insurance in the event of an incident during such operation. Mr. Santos replied positively that port personnel are operators of the POLA Crane for non-Matson/Horizon vessels as experienced with Kyowa vessel and understands there to be insurance coverage. The Chairman advised AM Insurance to confirm this liability coverage under the Port's policy.

c. **Marina Report:** Mr. Ernie G. Candoleta, Maintenance Manager said staff continues to work on the top ten list of priorities to repair both marinas and is also determining certain repairs that can be done in-house. Developments include: Restroom upgrades for the Hagatna marina will cost \$3,200. Guard rails have been repainted, parking lights are completed. Relative to C-dock, estimate total is \$4,300 for refurbishing and repair; and the brackets have been re-installed. Other areas include repairing of the planks, installing the water, and electrical repair which will be performed tomorrow. Estimated time of completion is about a week. Mr. Camacho asked whether the marina repairs were budgeted. The Chairman asked management to look into whether this can be claimed under the insurance. Mrs. Leon said staff has already filed a report with the insurance company. Mr. Camacho commented that if the marina repairs were not budgeted, which should have been as the Board had asked management for the top ten priorities, he advised to also submit to the Public Utilities Commission on rate changes to the marinas.

d. **Safety Report:** Mr. Paul Salas, Acting Safety Administrator said as requested at the previous meeting, the Workers Compensation paid out for fiscal year 2008 is \$90,557.20, compared to fiscal year 2009 at \$33,740.71; difference of 56,816.49. The Chairman asked that the report be prepared showing last fiscal year versus current fiscal year for tracking purposes, as well as on a year-to-date basis.

### **Committee Reports:**

a. **Finance Committee:** Mr. Jose B. Guevara, Financial Affairs Controller presented the September 2009 financial highlights for Board's information.

Mr. Camacho said although the Finance committee recommends approval to purchase coin pressure washer machines to be installed at both marinas to be used by tenants for washing their vessels, asked whether the machine will be subject to vandalism and abuse. He said this arrangement would be to recover cost on the ports water consumption, but would like to ensure the machine is not easily vandalized. Mr. Camacho asked management to research this further. The Chairman asked management to look into whether this will also be subject to the Public Utilities Commission oversight as this relates to rates.

Mr. Camacho said management met with PUC counsel and the Port was issued two dockets – contract review protocol and interim rates. And as earlier discussed, the Port will issue

a formal letter to PUC to commence the process of the interim rates and provide supporting documents for increase of 3.6% based on the recommendation of the master plan.

Mr. Camacho said should the Port be unsuccessful in obtaining the ARRA Tiger Grant, there should be a contingency plan. It was discussed in the Finance committee whether a request should be made to PUC to come up with rates for the Capital Recovery Charge indicated in the master plan feasibility study. He asked that the mechanism needed to put the Capital Recovery Charge in place needs to be in motion in the event the federal funding is not approved.

As the matter relates to finance, there were no objections to entertain the following:

Cabras Industrial Park Revenue Sharing

The Chairman said management received a letter dated October 6, 2009 from Guam Economic Development Authority (GEDA) regarding the cabras industrial park revenue sharing requesting the Port to continue revenue sharing for another year. Mr. Camacho commented that the Port, in its FY 2010 budget is dependent on those revenues to help fund port activities.

b. **Maintenance/Equipment Committee:** Mr. Ernie Candoleta, Maintenance Manager provided the September 2009 Cargo Handling Equipment Maintenance/Repair Cost Report which outlines the equipment, downtime, discrepancies, corrective action, work order and parts/labor cost for Board's information. Mr. Candoleta said the Port has contracted JM Sandblasting for the corrosion control of the cargo handling equipments. The General Manager asked whether the port employees can be utilized for this service. Mr. Candoleta said JM Sandblasting is only on as needed basis and will work together with staff. The General Manager will further discuss this matter offline.

Mr. Candoleta said he met with Guam Energy Office yesterday regarding effective ways to reduce energy consumption. GEO has received grant funds of \$19M. A walk through of the port grounds were made with GEO representatives. Port staff will continue to work with GEO.

Relative to the restroom upgrade next to Board Conference Room, Mr. Candoleta said the Finance division has identified funding for the renovation of the restroom and requests for Board approval to proceed with the upgrade. Mr. Camacho made motion to authorize management to renovate/upgrade the public restroom next to the Board Conference Room at the sum of \$9,255.17, seconded by the Vice Chairperson. Motion was unanimously approved.

c. **Human Resources Committee:** Mrs. Francine T. Rocio, Personnel Services Administrator said based on the previous meeting, the Port has implemented the compensation study on October 13, 2009 and personnel actions have been completed. Employees have been advised that their new rates will be reflected on pay period ending October 30, 2009. Mr. Camacho said the Port had made cash contribution of \$4M this year and what has just happened was that \$2.5M went into salaries which means such amount is now not available for other projects necessary to develop this Port. He expressed concern that he was of the understanding that the 10<sup>th</sup> market percentile was to be staggered in such a way that it is affordable, giving a

portion of the market percentile on a quarterly basis and that was not done. He commented that in doing this created a risk to the Port. He pointed out that it's not that he does not want to do this for the employees, but that his approach would have been more deliberate and more on the lines of what can be afforded. Mr. Camacho knows that everybody works hard and is deserving of an increase in pay, but just wanted all to be aware of what just happened is that the P&L is now \$2.5M less.

Mrs. Rocio said Mr. Alan Searle, the consultant will be on island November 3, 2009 to continue the training for the Human Resource staff and to meet with management on the finalization of the performance management tool for managers, supervisory and non-supervisory employees.

d. **Property Leasing/Port Development Committee:** Mrs. Leon presented the Board with an update on property-related items.

1. Bill 218-30 – An Act to Transfer Properties Under the Jurisdiction of the Port Authority of Guam to the Jurisdiction of Guam Ancestral Lands Commission: The Port presented testimony supporting the proposed legislation at the public hearing held September 25, 2009. Working with Congresswoman Bordallo's office on how to address concerns of the Guam Legislature on certain properties.

2. Fuel Storage Analysis Fee & Golf Pier Management Agreement: Captain completed review and recommended \$0.90 per barrel be charged for storage of fuel in Port own tanks. Also indicated refurbishment of tanks at Area A would cost the Port almost \$12 million and the Port re-evaluate the management agreement. After discussion, it was agreed that management begin the process of increasing the storage fee rate and review the agreement for possibly exercising the Port's early termination rights on Area A.

3. New Shell easement request & assignments to TriStar: Captain has been requested to conduct an analysis and establish a rate for easement—exclusive and non-exclusive—both underground and above ground. In the meantime, Legal Counsel is reviewing whether the Port can establish a special rate for the interim. Staff was asked to determine whether new interim rates would be retroactive. Staff was also asked to provide recommendations on the best value and safest re-routing of Shell pipelines within the container yard.

4. F3 lease: Pending GSA to issue Notice of Availability advertisement.

5. Restaurant Concessionaire: Pending GSA to issue notice on the advertisement.

6. Appraisal services: SPPC extension of lease agreements and other petroleum related lease agreements: Status: Captain has been provided official notification to perform tasks. He will be providing the Port with his cost proposal. Once the Port accepts, he will be given the notice to proceed. FY 2010 budget: Status - Based on the tasks that Captain will be performing during the fiscal year, it is recommended that the Fiscal Year 2010 budget for the appraisal services increase to \$50,000 and \$5,000 be budgeted for surveying services.

7. Aqua World – Pending information from Aqua World.

8. TWIC office: Staff undergoing online training. Looking to take over TWIC operation in November 2009.

9. ICTSI request for office space: Letter prepared to Dong Wong to relocate their current offices from 1<sup>st</sup> to 2<sup>nd</sup> floor. Pending General Manager's review and signature.

e. Procurement Advisory Committee: Mr. Bernard Lastimoza, Procurement & Supply Manager reported on the following:

- RFP PAG 010-001 Construction Management Services for Hagatna Marina – requisition for advertisement at GSA awaiting for the purchase order.
- RFP PAG 010-002 Concessionaire Agat Marina – RFP in final draft. Will solicit ad next week.
- RFP PAG 09-005 Labor Negotiations – evaluation committee submitted recommendation for cost negotiations with best qualified proposer.
- RFP PAG 09-003 Risk Management – contract negotiations ongoing.
- IFB PAG 09-002 – Removal of Sunken Vessels – IFB closed. In its final review process. 4 at Hagatna marina; 3 at Agat marina.
- IFB PAG 09-001 Container Yard Lighting – cancelled as recommended by PBI.

Mr. Lastimoza provided recommendation on the port procurement delegation plan as follows: Initiate a port procurement policy; implement monthly procurement activity report to Board; provide competent procurement training to all procurement staff on Guam Procurement Regulations and Federal Acquisition Regulations. He mentioned that he had made contact with GSA Chief Procurement Officer regarding the Port's delegation of authority and the response basically was unpleasant – She says: *“don't waste your time or my time in regards to getting Port's delegation back”*. The Chairman said this matter will be handled in a different approach.

## IX. PUBLIC COMMENT

- a. Port Users Group Comment: None.
- b. General Public Comment: None.
- c. Employee Comment: None.

## X. EXECUTIVE SESSION

**RECESSED**: The members agreed to recess prior to moving into executive session. Meeting recessed at 8:50 p.m.

**RECONVENED**: The meeting reconvened at 8:55 p.m.

At this time, the members agreed to go into executive session.

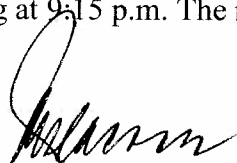
The members are now back in regular session at 9:10 p.m.

Item discussed in executive session include matters relating to Guam YTK.

Mr. Beery made motion to authorize Legal Counsel to proceed with Board recommendation on the legal procedure relative to the Guam YTK matter as discussed in executive session, seconded by the Vice Chairperson. Motion was unanimously approved.

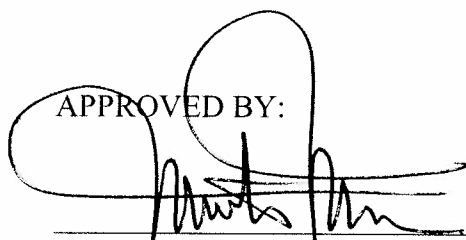
#### XI. ADJOURNMENT

There being no further business to discuss, it was moved by the Vice Chairperson and seconded by Mr. Beery to adjourn the meeting at 9:15 p.m. The motion was unanimously passed.



MARILOU LACSON, Board Secretary, Board of Directors

APPROVED BY:



MONTE MESA, Chairman, Board of Directors

