



PORT OF GUAM

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Eddie Baza Calvo
Governor of Guam

Ray Tenorio
Lieutenant Governor

**MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, January 26, 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., Thursday, January 26, 2012. Present at the meeting were:

Daniel Tydingco, Chairman
Michael Benito, Vice Chairman
Shelly Gibson, Board Secretary
Eduardo Ilaos, Member
Pedro A. Leon Guerrero, General Manager
Anisia B. Terlaje, Deputy General Manager

Also present were Ernst & Young-Jason Katigbak, Jim Whitt, Renee Paguinigan, Rizalito Paglingayer; Thelma Hechanova-Ocean Solutions; Rachel Field-OPA; Jimmy Camacho-Senator Tom Ada's office and Port Management staff.

II. APPROVAL OF MINUTES

a. **December 22, 2011:** The Vice Chairman made motion to approve the minutes of December 22, 2011 subject to correction. The motion was seconded by Mr. Ilaos and was unanimously passed.

III. COMMUNICATIONS

a. **Information Briefing-Port Modernization Program, February 9, 2012, Legislature:** The Chairman understands this to be a follow up briefing from the one held earlier this month and in contemplation of the Washington D.C. meeting that was initially scheduled for January as well. He mentioned that since the D.C. meeting has been pushed back to February, will look to request for the information briefing to be arranged afterwards.

IV. OLD BUSINESS

1. **Financial Report:** The financial report for the month of December 2011 was presented to the Board for information.

2. **Human Resources Report:** The Corporate Services Manager presented the request for creation of positions for Assistant Maintenance Manager and Assistant Operations

Manager in the classified service for Board approval to allow management to proceed with the transparency process of such positions in accordance with Title 4, GCA, Section 6303(d). The Chairman asked the purpose for the creation of these positions. The General Manager said the main reason is to allow the Operations Manager and Maintenance Manager to focus all their attention on the port modernization program as well as the acquisition of gantry cranes while these assistant positions will be responsible for the day-to-day operations of each respective department. The Chairman asked whether there are any financial impacts to the Port's budget. The Corporate Services Manager replied negatively and said the budgeted two positions are part of the full time equivalency positions and funding is available to support the request in the current fiscal year budget.

Mr. Ilaio made motion to authorize management to proceed with the transparency process for creation of an Assistant Maintenance Manager and Assistant Operations Manager positions in accordance with Section 6303(d), 4 GCA. Motion was seconded by the Vice Chairman and was unanimously approved.

3. **Insurance Report:** The insurance report for December 2011 was presented to the Board for information.

4. **List – Federal Grant / Local Funding Programs:** Ms. Gibson asked for information on the Tiger IV Discretionary Grant. Mr. Dorothy P. Harris, Chief Planner said U.S. Department of Transportation had announced the availability of \$500M in Tiger IV Discretionary Grants. Pre-applications are due February 20, 2012 and final applications must be submitted by March 19, 2012. The Board advised management to proceed aggressively on the grant application as this presents another opportunity for the Port. Projects to include are from those already identified in the Tiger III grant program and to also add other qualifying port projects.

USDA Direct/Guaranteed Loans: The Chairman advised management to follow up with USDA on Port's letter relative to the extension request of December 2011.

5. **Port Modernization Program – Implementation Plan:** Status quo.

6. **Program Management Manual:** The General Manager requested for Board approval to authorize management to task our Consultants to finalize the Port's version of the Protocol Manual and use this document to submit as a deliverable to close out the OEA grant which expires on March 31, 2012. He informed the Board the manual includes the processes, guidelines, roles and responsibilities to be performed by all parties involved in the port modernization program. Financial stakeholders supporting the modernization program, USDA and ANZ have already reviewed and provided comments to the manual.

The Chairman recalled that MARAD was provided with the Port's protocol manual for their review back in June 2011 and inquired whether feedback was received. The General Manager said the Port has followed-up on numerous occasions; however, to date, no response or comments have been received by MARAD. He was concerned that the deadline is fast

approaching and wanted to ensure the Port does not lose the grant funding that supports this task order.

Without objections, the Board authorized management to proceed with tasking the Owner's Agent Engineer in finalizing the Port's Protocol Manual and to submit such document as the deliverable to Office of Economic Adjustment.

V. NEW BUSINESS

1. **FY2011 Financial Audit:** Without objections, Mr. Jim Whitt, Ernst & Young was recognized by the Board. Mr. Whitt thanked the members and said Ernst & Young completed the audit of the Port Authority of Guam year ending September 30, 2011. The audit was conducted in accordance with auditing standards generally accepted in the U.S. and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller of the U.S. The objective was to perform the audit on a risk based approach in order to express an opinion whether the Port's basic financial statements are presented fairly in accordance with the auditing standards of the U.S. and to obtain reasonable assurance about whether the financial statements are free of material misstatement. He briefly presented the following: financial statements, internal control and compliance report, and information technology. The audit concluded that the Port Authority of Guam was issued an unqualified opinion – meaning *clean* opinion, no issues.

The Vice Chairman made motion to accept the Fiscal Year 2011 Financial Audit as presented, seconded by Ms. Gibson. Motion was unanimously approved.

2. **Amendment to Management Agreement – Golf Pier:** The Chairman said legal counsel had prepared a third amendment to the management agreement between Mobil and the Port Authority that authorizes Cementon to access Golf Pier for the sole purpose of constructing and installing the cement transfer pipelines pursuant to the Pipeline Plans which is subject to the terms and conditions set forth in the agreement. He understands this amendment is currently being reviewed by both counsel parties of Mobil and Cementon. The General Manager requested for Board's approval to execute the third amendment once all parties agree to avoid further delays. As earlier mentioned, Mr. Glenn B. Nelson, Commercial Manager said this amendment is specific in purpose which is strictly to enable construction of the pipelines. He mentioned that the operation component of this project will be addressed at a later time. The Vice Chairman said he is in favor of allowing management to execute the third amendment as presented; however, should there be adjustments made by either counsel parties that are material in nature requires Board ratification.

Ms. Gibson made motion to authorize the General Manager to execute the Third Amendment to Management Agreement as presented, seconded by Mr. Ilao. Motion was unanimously approved.

3. **Crane Negotiation Status Report:** The General Manager said several meetings have been held with the negotiation team and carriers which is still ongoing.

4. **Washington D.C. – February 2012:** As mentioned earlier, the Chairman said the meeting in Washington D.C. relative to the port modernization program is slated for February 23, 2012 with Maritime Administration, Department of Defense-Inspector General, and U.S. Department of Agriculture. At the previous meeting the Board had approved travel for pertinent port officials to participate in this meeting.

5. **ATOSSCOM Executive Meeting:** The Operations Manager said the ATOSSCOM Executive Meeting is scheduled for February 22-24, 2012. The venue has yet to be determined; however, the area being considered is either Kosrae or Guam. In the event the executive members choose Kosrae, request is being made for one person from the Port to attend the meeting. However, if held in Guam the Port will be hosting the meeting. There were no objections.

Mr. Ilaio made motion to approve travel authorization for one port representative to attend the ATOSSCOM Executive Meeting on February 22-24, 2012 if held in Kosrae, seconded by Ms. Gibson. Motion was unanimously approved.

6. **2012 AAPA Public Relations/Government Relations Workshop, February 28-29, 2012, Houston, Texas:** Ms. Gibson made motion to approve travel authorization for Messrs. Jose B. Guevara, Financial Affairs Controller and Glenn B. Nelson, Commercial Manager to attend the AAPA Professional Port Manager (PPM) Certification Program for the Public Relations/Government Relations Workshop scheduled for February 28-29, 2012, Houston, Texas. Motion was seconded by the Vice Chairman and was unanimously approved.

VI. PUBLIC COMMENT

The Vice Chairman understands there was a concern at the Hagatna marina with respect to anglers and netters. Mr. Felix P. Pangelinan, Harbor Master said the Port has publicly announced through media as well as port website on the prohibition of net fishing at the Hagatna and Agat marinas. The Port has responded to calls from the general public on their concerns of inappropriate activities occurring at the marina and coordinated with the Guam Police Department to assist in this effort. The Vice Chairman recalled at a previous Board meeting that the arrangement was to allow for both parties to co-exist at the marina. Given that it appears to be not as effective, he asked whether it would work to arrange specific days for anglers and netters. Mr. Pangelinan said any approach can be considered; however, the rules and regulations specifically prohibit net fishing activity at the marina. He said until such time amendments are made to the rules and regulations, then a schedule or an arrangement for both parties to coexist can be arranged. Work is in progress to go through the Triple A process for this purpose.

On another matter, Management was advised to respond to Ms. Bree McDowell, Advance Management acknowledging receipt of her concern on the Route 18 road repair.

VII. EXECUTIVE SESSION

RECESSED: Meeting recessed at 12:40 p.m.

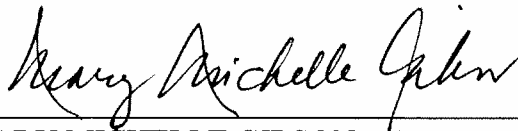
RECONVENED: The meeting reconvened at 12:45 p.m.

At this time, the Board went into executive session. Executive Session ended at 12:55 p.m. The Board is now back in regular meeting session.

Items addressed in executive session includes: Guam YTK, GFT and Port Tariff.

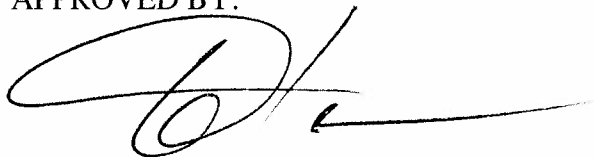
VIII. ADJOURNMENT

There being no further business to discuss, it was moved by the Vice Chairman and seconded by Ms. Gibson to adjourn the meeting at 12:55 p.m. The motion was unanimously passed.



MARY MICHELLE GIBSON, Board Secretary, Board of Directors

APPROVED BY:



DANIEL J. TYDINGCO, Chairman, Board of Directors

