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MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, October 23, 2008

I. CALL TO ORDER

There being a quorum, the regular meeting of the Board of Directors was called to order at 2:05 p.m., Thursday, October 23, 2008. Present at the meeting were:

Monte Mesa, Chairman
Jovyna Lujan, Vice Chairperson
Marilou Lacson, Board Secretary
Joseph Camacho, Member
Glenn A. Leon Guerrero, General Manager
Joaquin P. Cruz, Deputy General Manager
Atty. Rebecca Santo Tomas, Co-Counsel

Also present were Lea Santos-Guam Legislature, Tricia Granillo-AM Insurance, Donald Wen/Donna Cruz-Go Rising, John Perez/Beatrice Lintiaco-Cementon Micronesia, Len Isotoff-Matson, Hugh Healey-Horizon Lines, Paul Blas-Seabridge and Port Management staff.

II. APPROVAL OF MINUTES

a. **September 25, 2008:** Mrs. Lacson made a motion to approve the minutes of September 25, 2008 subject to correction. The motion was seconded by the Vice Chairperson and was unanimously passed.

III. CHAIRMAN'S REPORT

1. Port Week-Opening Ceremony – The Port kicked-off its Opening Ceremony on Monday, October 20, 2008 in celebration of its 33 years of service to the island and applauded the port employees for all the hard work done for the past years. He said the challenge is still monumental moving forward. He mentioned that in a media interview with the General Manager, discussions on the efforts were made thus far and plans that lay ahead. He said it is encouraging to hear the positive comments from the community in the efforts the Port has engaged in with the port modernization plan. He looks forward to accomplishing the objectives in relation to the military buildup and the Port's readiness for this military growth.

IV. GENERAL MANAGER'S REPORT

1. Port Modernization – MARAD's enabling legislation was signed by the President on Thursday, October 16, 2008. The MARAD MOU has since expired in September 30; however, he is working closely with the Maritime Administration officials to develop a new memorandum of understanding defining specific roles and responsibilities; time and milestone and clarifying funding expectations are being proposed. (A draft copy is attached for Board's review.)

2. GFT-RFP Labor Relations – It was reported that there appeared to be a conflict with the sole responder to the RFP and to avoid potential challenge, the General Manager requested Board approval to cancel the RFP for re-issuance. Mr. Camacho asked for the timeline this consultant is to be in place. The General Manager said by law this exercise should be completed by April of next year; however, the Port hopes to achieve this arrangement no later than February 2009.

Mr. Camacho made motion to authorize management to cancel RFP PAG 08-006 Labor Relations Negotiator Service and to proceed with the re-issuance of said proposal for such consultant services, seconded by the Vice Chairperson. Motion was unanimously approved.

3. Port's Master Plan Public Hearing – The Oversight Chair on Maritime Affairs will hold a public hearing on the Port's master plan second week of November 2008.

4. Legislative Confirmation Hearing – Confirmation hearing for Board member Jovyna Lujan scheduled for Monday, October 20, 2008 at 1:00 p.m., Legislative Public Hearing Room.

5. Travel Authorization Request:

a. MARAD-October 27-30, 2008 San Francisco, California – As mentioned by the General Manager, a draft MOU is in place to be further negotiated with MARAD. The concern raised was there are substantive changes made to the MOU from its original arrangement and is unsure of MARAD's position. In order to move this process along, it is being requested to personally meet with MARAD in San Francisco on October 27, only if they are ready to proceed. The Chairman said MARAD did plan a trip to come out here, but has since been cancelled. He felt this to be an opportunity to further engage with MARAD in this relationship taking into consideration the concerns highlighted by local legislators in ensuring what's best for the Port and what needs to get done to execute the master plan.

Mrs. Lacson made motion to approve the travel authorization for the General Manager to meet with the Maritime Administrators on October 27-30, 2008 in San Francisco, California and such travel is contingent upon MARAD's readiness to begin negotiations on the MOU, seconded by the Vice Chairperson. Motion was unanimously approved.

b. POLA Cranes-November 30 to December 6, 2008, Port of Los Angeles, California – The Port was invited to an Orientation Site Visit in Los Angeles to survey the POLA cranes. The orientation is scheduled for December 1-2, 2008. The General Manager recommended five personnel for this travel, namely the General Manager, Operations Manager, Maintenance Manager and two Senior Crane Operators.

Mr. Camacho asked whether five personnel are necessary. The Chairman said besides the General Manager, he felt it important for the Operations Manager to see the cranes first hand because it is suppose to increase productivity, and knowing the overall operations, he should attend. The Maintenance Manager is to interact with the POLA officials and obtain some insight knowledge on the cranes and also be able to convey the issues that the Port encounters with its own cranes. The Chairman said with the two crane operators, having first hand experience in testing the cranes with its new electronics and can start to liaise with the crane builders to ensure that before those three cranes arrive on Guam, any and all concerns are addressed. Mr. Camacho expressed that he does not favor sending people just to look at cranes. He said if there is something that will be accomplished in terms of training, crane familiarization and those cranes are fully operational, then it makes sense; but if the staff is just being sent off to look at cranes that are under construction, it does not make sense at all. The General Manager said there are deliverables that need to be made, such as maintenance assessments, training and so forth. Mr. Camacho commented if that is the mission, he felt it unnecessary for the General Manager to be a part of this trip. The General Manager said that he will be given the opportunity to liaise with the management of Port of Los Angeles to see how they manage their crane operations. Looking for performance indicators in monitoring upgraded cranes productivity and useful life. He also mentioned that this is simply a proposal for Board to determine what is important and necessary. Mr. Camacho questioned whether the familiarization would give the personnel anything different than they would not get if the cranes were already on Guam. The General Manager replied positively, and said the objective is to be able to plan and be ready for the cranes arrival, rather than not knowing what to do when it arrives considering all the electronic upgrades it will have. He said it is important to have actual hands-on experience and compare notes on differences of refurbished crane operations versus current cranes at the Port. Mr. Camacho suggested that the General Manager on his travel to San Francisco also stop over in Los Angeles as this will save on airfare costs and the others can leave on the scheduled date.

On the motion to approve the travel authorization for the General Manager to meet with MARAD on October 27-30, 2008 in San Francisco, California was amended to include that the General Manager also stop by Los Angeles for purposes of the on-site orientation visit relative to the three refurbished POLA cranes. Motion was amended by Mr. Camacho, seconded by the Vice Chairperson and was unanimously approved.

The Vice Chairperson made motion to approve the travel authorization for four personnel, namely the Operations Manager, Maintenance Manager and two Senior Crane Operators to an Orientation Training on November 30 – December 6, 2008 Port of Los Angeles relative to the three refurbished POLA cranes, seconded by Mrs. Lascon. Motion was unanimously approved.

V. REPORTS

a. **Insurance Reports:** Ms. Tricia Granillo, AM Insurance provided the July, August and September 2008 insurance reports and briefly reported the claim developments for the Marine Package (Property & Liability) Insurance.

- Matson (05/09/2007) – Seeks reimbursement of \$20,050 for damages to a rocket cradle during loading. The Port issued a letter to Matson advising that they are unable to process claim and to resubmit as per the Carriage of Goods by Sea Act and provide a copy of the independent surveyors report. Matson resubmitted their claim under the COGSA.
- Marianas Express Line (12/19/2006) – Claiming damages of cell guide on Ratstor vessel and damages to CTR CAXU6607020-6 due to ‘negligence of Port’s crane operator’ totaling \$7,418.96. Claim amount is below deductible and claim has been referred to Port’s Legal Counsel on July 17, 2008.
- Matson Chill Reefer Containers (08/20/2008) – Rejected by the US Army Food Inspector on Kwajalein for unacceptable temperature levels due to a 10 hour power outage prior to leaving the Port. Matson claims they were not notified of the outage and no corrective actions were taken to safe guard the products. Matson holding the Port responsible for all costs including replacement of goods, and shipping costs.
- M/V Islander (08/07/2008) – Gantry 2 was shifting left from Bay 1 to Bay 13 when the boom struck a Matson ship’s gear #1 lower sheaves causing damages. Claims Adjuster advises the Port deny liability until a complete investigation has been completed and suggests that underwriters place a reserve of \$75,000. Claims Adjuster requested confirmation from Matson on when repairs are to be completed. The Claims Adjuster advised the Insurance Committee at a meeting on October 9, 2008 that the reserve will increase to \$300,000.
- Port Mobil Harbor Crane (12/16/2007) – MHC currently down as a result from an incident that happened on December 16, 2007. Total damages assessed at \$86,213. Need to verify if damages sustained as a result of a covered peril. AMI requesting additional information. If claim is to be made under the property policy, the deductible is currently at \$100,000.
- Plaintiff, Far East Equipment Co. (02/15/2008) – Protesting against K.Tagawa, C.Acfalle, Port & GSA for accepting the unsolicited proposal of Matson/Horizon on December 18, 2007. On September 16, 2008, a copy of the amended complaint & summons was received and sent to London Underwriters.
- EEOC Charge (08/13/2007) – Involving a former employee. On September 17, 2008, Judge Gatewood issued an Order granting the Port’s motion to dismiss this matter for claimant failed to file the charge with EEOC within the 180 days required by law.

b. **Operations Productivity Report:** Mr. John B. Santos, Operations Manager presented the September 2008 operations report and briefly reported the following:

- Domestic Vessel Recap - Horizon and Matson combined totaled 5,354 container lifts. Horizon had a total of five vessel calls averaging 18.9 gmph versus Matson with four vessel calls averaging 17.1 gmph. Both carriers averaged 18.5 gmph for fiscal year 2008.

- Container Report – Operations moved a combined total of 8,391 containers, 130 containers less than last fiscal year same period. The final container count for FY08 is 104,197 which is 22 containers less than FY07.
- Break Bulk & Ro-Ro Recap – Operations handled 115,506.4 revenue ton of break bulk cargo and 59,345 revenue ton of ro-ro vehicles for the close of FY08.

The Chairman asked what are the anticipated gross moves per hour using the POLA cranes. Mr. Santos said the goal is to reach 25 gmph. Mr. Camacho asked how is military cargoes tracked. Mr. Santos said the Port receives the manifest from carriers a week in advance, the Planner then manually sifts through the manifest to determine actual military cargo; however, this count does not include third party transactions. There is a system that allows for this tracking called a 'Harmonized Code', but is worked through Customs. The Chairman asked that the productivity report also include the progress on the mobile harbor crane.

Committee Reports:

- a. **Finance Committee:** The Financial Report for the months of August and September 2008 was provided to the Board for information.

Mr. Camacho asked whether there is a plan for executing federal programs because federal reimbursements are a big source of cash. He said it is only prudent on the part of management to ensure that this gets underway. The General Manager said it is the Financial Controller's responsibility to make sure the grant applied for is accounted for and a plan on collecting reimbursements. It is the Chief Planner's responsibility to come up with the plan for applying for grants and identifying amount of specific federal grant. Management was advised to get the federal reimbursement projects executed and provide recommendation by next Board meeting and to also organize a forecast on operations, develop a plan on productivity, equipment, manpower and demographics of service and age.

Mr. Camacho said the Finance Committee met on October 21 and discussed matters on financing the port modernization plan, such as tariff issues, bonds, loans, etc. outlined in the financial feasibility study. Key points raised included MARAD's assistance, Owner's Agent/Engineer Consultant services, and an independent financial consultant. The committee formed a subcommittee responsible for cash flow projections; validation against the financial feasibility study; and is to determine how to raise the cash needs over the coming years. He mentioned that what is critical in any of these scenarios outlined in the financial feasibility study is for the Board to gain control of its tariff similar to that of the Public Utilities Commission in that way the Board will have the flexibility on tariff adjustments and be able to support its debt obligations. Things that are necessary include tariff adjustments; DoD contribution and federal contribution; productivity improvements and strategies on how to fund the master plan. The Chairman asked management to provide recommendation to present to the Administration and the Legislature to support the Port's financing scheme.

- b. **Maintenance/Equipment Committee:** The Chairman asked the status of gantry 1 removal. Mr. Joaquin P. Pangelinan, Manager Equipment Support Services, said Brand Inc.

encountered problems obtaining liquid oxygen used to cut through heavy steel. In using liquid oxygen, the demolition and removal of gantry 1 can be completed in 10 days. Brand Inc. will work the conventional way and complete this project within 30 days. Management is working closely with Brand Inc. to expedite this project.

c. **Human Resources Committee:** Mrs. Vivian C. Leon, Corporate Services Manager reported on the following items.

1. **Position Classification, Compensation and Benefits Study Update** - Mr. Alan Searle, the consultant, has completed Stage 1-Job Evaluation Methodology & Classification and Stage 2-Compensation Structuring. He requests that a working session be scheduled for November 17, 2008 to present the study to the Board. Management was advised to provide the members with copies of the presentation for their review prior to the working session.

2. **Demographics of Service/Age** – HR is working on compiling this statistic.

3. **Public Law No. 29-105 – Compensation of Public Safety and Law Enforcement Officers** – The Port received DOA Circular No. 09-003 relative to Public Law No. 29-105. Compensation for individuals covered shall be increased by forty percent (40%) over a four (4) year period, to take effect October 2008 and expire October 2011. This circular provides guidance on respective classes of position that are affected. The HR division has begun with preparing the necessary personnel actions to reflect this requirement.

4. **Performance Review of General Manager** – Pursuant to Public Law No. 27-20, the Board of Directors shall issue a performance review of the General Manager six (6) months of initial appointment and every twelve (12) months thereafter. A draft policy on the performance evaluation will be forwarded to the HR committee for review.

The Vice Chairperson recalled discussions sometime back on restructuring of manpower to poise the Port for this military buildup. At that time, the question posed to the HR committee was can the compensation study be integrated into the PMC contract, and the response then was positively. She mentioned that at some point she would like to be briefed on that issue.

Mrs. Leon said in Stage 1, individual meetings were held with Superintendents and Division Heads and a presentation made to employees. As this study moves forward, there will be other presentations to let the employees understand that based on the law not everyone will be affected as there are positions that do not fall within the category unique to the organization and is professional and technical in nature. Department of Administration however is currently working on a government-wide compensation study and for those remaining positions will more than likely fall under that structure.

d. **Property Leasing/Port Development Committee:** Mrs. Vivian C. Leon, Corporate Services Manager presented the Board with an update on property-related items:

1. **Casamar Sub-Lease Request** – Still pending blueprints from Casamar.

2. Hanson Micronesia Cement – Alternative to dolphin mooring system proposal currently still under Hanson review. Informal notice that co-use of pier F-1 preferred and that efforts are being taken to complete new proposal for Port review and consent.
 3. Guam Dolphin Relocation – Port tenant relocation continues. Site for new operation on Port property identified and construction 85% complete. Tenant has been advised to complete the relocation by November 30, 2008.
 4. GEDCA-Rent Share Proposal – Currently with Legal Counsel.
 5. Common Area Fee & Assessment – Staff is currently working on the draft EIS.
 6. Aqua World – Forwarded to Legal Counsel to prepare the necessary agreement reflecting the willingness of both Port and Aqua World to settle longstanding property area dispute. This would enable partial turnover of property to the Port.
 7. Sunbay Corporation – Concessionaire scope being prepared for public bid. In response to the Chairman's query regarding the issuance of the RFP, Mrs. Leon stated that the staff should have a draft RFP ready for review by Friday.
 8. PowerSource Energy Services, Inc. – Letter was received that PowerSource is conducting a tank study and will provide the Port with feedback.
 9. Unitek Environmental – Expresses interest to lease Tank 7, and has been informed that the Port is currently in communication with PowerSource.
 10. Liquid Fuel/Breakbulk Thru-put Assessment – Management met with Mr. Nick Captain yesterday and discussed certain tasks to be performed relative to an assessment of the asset and cost recovery.
 11. Sanko Busan – Warehouse II B 9 & 10 lease termination effective October 31, 2008. Vacated space to be utilized by Operations to support breakbulk cargo operations.
 12. Smithbridge – Request in place to lease portion of Seaplane Ramp for an extended period. Smithbridge was asked to provide more information.
 13. GDP Marina – Department of Agriculture has committed approximately \$350K towards decking repair. Port cost share estimated \$69K. Scope of work is in progress.
- e. **Procurement Advisory Committee:** The Vice Chairperson said the committee met last week and had reviewed draft two version of the PMC.

Key Issues

- What are the tangibles, outcomes, directions and objectives of the solicitation.
- Does the message come through clearly in those documents.

- What are the strategic objectives that is hoped to accomplish in the relationship with the PMC.
- What is needed to be accomplished recognizing now that the master plan has been completed.
- How to fashion this tool through this partnership relationship to accomplish those objectives and succeed at that.

She said the draft clearly concentrates on the maintenance and transportation departments and offers other divisions like terminal operations, stevedoring, information technology, and engineering as an option. In an extensive review, the committee essentially confirmed that in order to accomplish successfully, a full scope PMC contract is the approach as it will cover the bulk of terminal operations, maintenance and engineering. The Vice Chairperson mentioned that the ideal relation with a world class contractor is to come on board and provide staff training, improve benefits, improve productivity, integrate technology, procure and maintain equipment/supplies and to provide financing upwards to \$25 million. Having said that, the recommendation is to integrate these strategic objectives into the PMC document for a full scope PMC, and integrate financial assumptions/scenarios as well using Scenario E.

Other Issues - Content of the PMC package

- Insufficient Communication/Conveying what is to be accomplished
- Evaluation Criteria/Approach
- Fixed Price Contract – suggest to use Cost Price Contract
- Technical Qualifications - minimum experience
- Technical Evaluation Forms–Scoring Mechanisms – recommend a grading based on excellence, very good, average, acceptable, satisfactorily and unsatisfactorily.
- Industry Input – package does not include industry input or feedback.

She said one of the committee members has many experiences with contracts of this nature, and suggests for the Port to consider using a Best Value Approach that involves technical information on competencies and experiences of the proposers. The committee did not get a sense that the productivity standards or key component indicators communicated enough clarity on what is being looked for. The Vice Chairperson made reference to the enabling legislation that allows 150 days solicitation period with a minimum of the first 60 days as an allowance for the respondents to provide their proposal from the date of the issuance of the RFP. The remaining 90 days is the timeline that the Port must award a contract. The suggestion was made to take the template, refine it with some key points from the strategic objectives and issue a Request for Information at no cost to the Port and no cost to the time element. The idea is to issue an RFI, test the assumptions and the facts formed between the master plan, the financial feasibility study, the PMC-RFP template and allow private interested parties to feedback to those documents in a way where the collective input will help to construct a more concrete confirmed RFP package that could be issued. For that reason, it is the committee's recommendation that the Port put out an RFI in advance of an RFP.

VI. OLD BUSINESS

- a. **Ratification of Owner's Agent/Engineer Consultant:** The General Manager said as MARAD is officially on board in relations with the Port for port modernization upon finalization of the MOU, MARAD will engage the PMT. In the meanwhile, management has issued a request for proposal for an Owner's Agent/Engineer Consultant and request for Board ratification of management's action. Mrs. Lacson made motion to ratify management's action in issuing a request for proposal for an Owner's Agent/Engineer Consultant, seconded by Mr. Camacho. Motion was unanimously approved.
- b. **Ratification of Port Legislation:** The master plan has been forwarded to the Governor, and then transmitted to the Guam Legislature. Management is working with the Oversight Chair to come up with legislation needed to enforce the master plan. The port legislation already drafted by management addresses the approval of the Port's Master Plan Update 2007 Report; statutory authority be granted to the Board of Directors of the Port Authority to negotiate commercial leases up to twenty (20) years; and to grant Public Utilities Commission authority to approve reasonable rates and charges for the use and occupation of the Port facilities and its appliances and for services rendered by the Port. He said there is also another item still in discussion relative to procurement matters and the federal acquisition regulations. The General Manager mentioned that since management is working closely with the Oversight Chair, Board ratification is not necessary at this time.
- c. **Cementon Micronesia – License Agreement:** Mrs. Leon provided the members with a briefing report and said management seeks approval from the Board to execute a one year license agreement for parcel 3-1, encompassing approximately 1.8 acres adjacent to golf pier, to Cementon Micronesia. Being considered is a formal request to approve, as to form, the proposed license agreement with Cementon Micronesia to allow access to parcel 3-1 for the purpose of landing, installing, and building a cement and related products receiving storage, distribution and exporting facility. The proposed license agreement grants to Cementon a non-exclusive license to occupy and use, subject to terms of parcel 3-1. It is the intent of management to have the commencement date of the proposed lease remain subordinate to the expiry of the license agreement and this period is to be used to accomplish any/all work, including but not limited to, technical studies, permit acquisition, construction and so forth necessary to complete the build out of the facility. This would also afford Cementon with a true 5 year lease period to operate their facility as was intended by the Board. The payment for the one year license fee is \$160,256.00 as negotiated and agreed by Port and Cementon for the one year non-operational period. Mrs. Leon mentioned that termination of this license agreement can be made at any time upon written agreement; however, Cementon will be given 90 days after termination and at cost, to remove cement silos and related structures from the site.

Mr. Camacho said it is appropriate during construction of the facility to allow Cementon to use the property for such purpose. He mentioned that Cementon would be given 'up to' one year, so that if the construction is completed before the end of 12 months, they would go into production, then the lease kicks in at the negotiated rate. Mr. Camacho commented that to grant a license agreement, there should be a signed lease agreement and with that condition, this

agreement should be approved. Mr. Camacho made motion to approve the Cementon Micronesia License Agreement as to form on the condition that the Lease Agreement is signed simultaneously upon the lease terms and conditions approved by this Board, seconded by the Vice Chairperson. Motion was unanimously approved.

d. **PMC-PPP Request for Proposal:**

- Board Approval:
1. Maintenance & Transportation
 2. Full Performance Management Contract
 3. Request for Information

Mr. Camacho said a lot of time was spent on this issue and a lot of good work done on the part of the PMC committee and the Procurement Advisory committee. He stated it is a difficult issue to move forward with, but would always refer back to the spirit of the legislation and there's no way to fully understand the spirit of the legislation unless one sits in front of the person that put it together, which he did and discussed it with Senator Antonio Unpingco before he passed away. He said the intent of the PPP-PMC law was to allow the Port some flexibility on procurement – this was his solution. It took into consideration the Port management and employees concern about a Public-Private Partnership (PL No. 27-60) at the time. It also was intended to allow the Port to achieve the levels of training; to reach the productivity levels in order to meet the demands of the military buildup. He expressed that there is a need for a full scope PMC – it is the spirit of the law, it is the intent of the law. Mr. Camacho felt that this Board has done its due diligence in terms of evaluating all the options, considered all the input of management and staff. The Board has a fiduciary responsibility to do what is right for the Port and the people of Guam. Having said that, Mr. Camacho expressed that the right thing to do is to go forward with the full scope PMC as it is the most appropriate given the circumstances this Port is about to face. There has been enough evaluating and analyzing done that at this point this needs to move on.

Mrs. Lacson said what she has seen and discussed in the working session, felt that the best possible solution is to go with a full scope PMC to be able to attract the best qualified contractor for the port modernization, but having said that she also felt that an RFI is an ideal approach as suggested by the Vice Chairperson, to help assist in formulating the best RFP.

The Vice Chairperson expressed the concern of the Human Resource interface. Whenever a measure of change is introduced – there is going to be concerns. She said she too met with Senator Unpingco and he conveyed similar sentiments of obvious concerns on how he saw this evolving. 'He was very open and frank and acknowledged that he wanted to help the Port - there's a lot of work that needs to be done, but the Port is also going to need help, but it was important to temper how that is introduced and recognize the concerns of the employees of the Port – the people that are going to be impacted.' The Vice Chairperson expressed that the HR interface is very important and is concerned how that would be a part of the whole equation. She expressed appreciation for the work of the PMC committee, the time and effort, the open and frank discussions, access to expertise of Mr. John Benavente, but felt that if this is done together, it will be good for the Port, the island and customers. In light of that, the Vice Chairperson agrees to a full scope PMC.

Mr. Camacho made motion to approve a full scope Public/Private Partnership through a Performance Management Contract, seconded by the Vice Chairperson. Discussion followed, and the Deputy General Manager said as mentioned earlier, this matter has been in discussion for quite some time, and it seems the Board prefers to proceed with a full scope PMC. He mentioned that he too met with the late Senator Unpingco on numerous occasions, discussing the issues the Port has with procurement, and then came the solution of a PMC. As time progressed, the Deputy General Manager said he was instructed to communicate with Mr. Benavente that has experience and know-how of this type of contract, and who said to concentrate on the Port's weakness – that is what should be looked for when entering into this contract. The Deputy General Manager said the weakness of the Port is equipment acquisition, whether it be parts to maintain the equipments. In the procurement process, purchases over \$15,000.00 would have to go out on bid. There are a lot of parts on these cranes over that amount to include top picks, side picks. The PMC committee's position is that there is no problem with the Port's terminal operations, there is nothing wrong with the personnel, but that the main issue is they lack the necessary tools to do their jobs – equipment dependability. The committee focused on the weakness of the Port – which is to provide the Maintenance Division with the equipments and tools they need, and in turn will increase productivity. The Deputy General Manager said the committee had already expressed to the Board what the weakness is and asked why proceed with a full scope PMC, bring in a private contractor and pay this company to oversee an area that is not necessary. The PMC committee has asks the Board to give the committee one year to get a handle on this contract with just the Maintenance and Transportation divisions, rather than going first with a full scope PMC.

The General Manager said there has been a lot of input put into this and some serious consideration given from everyone, and clarified whether the motion on the floor was to proceed with an RFP or RFI full scope PMC. Secondly, he asked the Vice Chairperson if the Procurement Advisory committee work with the PMC committee. The Vice Chairperson replied positively.

For clarification purposes, and with a motion on the floor, Mr. Camacho amended the motion to read that approval is made for a full scope Public/Private Partnership through a Performance Management Contract (PPP-PMC). Management is instructed to proceed with the Request for Information for a full scope PPP-PMC, thereafter, to proceed with the Request for Proposal for a full scope PPP-PMC to attract the best possible candidate, seconded by the Vice Chairperson. Motion was unanimously approved.

The Deputy General Manager asked whether the PMC committee can also proceed with an RFI for Maintenance and Transportation. The Vice Chairperson said the PMC committee's recommendation is in the RFP package in its present form, but it contradicts a full scope PMC, so there are differing points of view. She said on that approach, the Board disagrees and prefers the full scope, but if that is the desire, the RFI could simply include the draft in its present form, release that in the RFI and allow the industry to respond to it – that can be an option, but the only concern was she felt that that would be going the long way around. The Chairman said in response to that question, the existing draft RFP already is the starting process, it just needs to be

refined and the RFI would allow for additional information to refine that, but the draft RFP is still intact to finalize the full scope PMC.

The Chairman asked the Procurement Advisory committee to work towards the logistics to prepare for an RFI and establish those timelines so that an RFP for the full scope can be issued early next year.

VIII. PUBLIC COMMENT

- a. **Port Users Group Comment:** None.
- b. **General Public Comment:** None.
- c. **Employee Comment:** Mrs. Dorothy P. Harris, Chief Planner commented that *“Senator Unpingco, we spoke with him. We didn’t ask to see him – he asked to see us. The concept of the PMC originated from us. He took the bottom up approach to ensure that our needs were met and addressed in a format that would seek to resolve the pressing issues that we had with number one – procurement. And equipment acquisition and acquisition of services that would be required to improve our productivity. And I just want to say that this came from us – this came from people in this room. At his request, we didn’t ask to see him – he asked to see us. And we told him this would help and he took that concept and he made it into public law. I just wanted the Board to know that this was the situation – this is what happened.”*

On another issue, Mrs. Harris said the way the federal government issues investment has to be justified and the evaluation and the criteria for qualifying for these investments have to be fully met. She expressed that at this point now; it is frustrating with some of the federal funding that the Port has received because this was made prior to the master plan. For instance, an application was to replace yard lighting, however now, the master plan calls for a full configuration of the container yard. It’s good to know MARAD will soon be on board so the Port can initiate the implementation plan and design work, so that this will then determine where the monies can be spent. Mrs. Harris shared that in a meeting with General David Bice early this month, she posed a question whether there was a way to provide direct capital improvements to the Port to mitigate direct impacts and his response was yes. She said then this perhaps can be some way where MARAD can be part of the loop to work with DoD to quantify and identify what those specific impacts are.

RECESSED: The members agreed to recess prior to moving into executive session. Meeting recessed at 4:35 p.m.

RECONVENED: The meeting reconvened at 4:40 p.m.

IX. EXECUTIVE SESSION

Items addressed in executive session.

1. Betty Ann D. Baza vs. Port Authority of Guam - Superior Court of Guam Civil Case No. CV0599-07

2. Guam YTK
3. Civil Case No. CV0817-08 Mariana Express Lines and M/V Ratstor

Before adjournment, the Chairman announced that the next Board meeting will take place on November 20 as the regular meeting date falls on Thanksgiving Day. There were no objections.

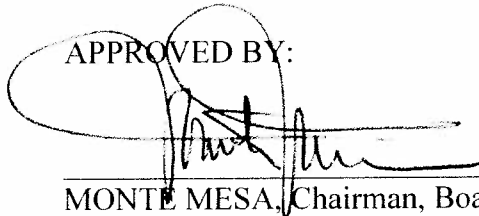
X. ADJOURNMENT

There being no further business to discuss, it was moved by Mr. Camacho and seconded by the Vice Chairperson to adjourn the meeting at 4:50 p.m. The motion was unanimously passed.



MARILOU LACSON, Board Secretary, Board of Directors

APPROVED BY:



MONTE MESA, Chairman, Board of Directors

