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Governor of Guam

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**MINUTES OF THE  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
Thursday, April 23, 2009**

**I. CALL TO ORDER**

There being a quorum, the regular meeting of the Board of Directors was called to order at 2:00 p.m., Thursday, April 23, 2009. Present at the meeting were:

Monte Mesa, Chairman  
Marilou Lacson, Board Secretary  
Joseph Camacho, Member  
Glenn A. Leon Guerrero, General Manager  
Atty. Rebecca Santo Tomas, Co-Counsel

Absent was Jovyna Lujan, Vice Chairperson. Also present were Jay Sunga-Senator Tom Ada's office, Paul Blas-Seabridge and Port Management staff.

**II. APPROVAL OF MINUTES**

a. **March 26, 2009**: Mr. Camacho made a motion to approve the minutes of March 26, 2009 subject to correction. The motion was seconded by Mrs. Lacson and was unanimously passed.

**III. CHAIRMAN'S REPORT**

The Chairman asked management to prepare a response addressing Chamber of Commerce letter dated April 8, 2009 regarding the crane surcharge fee to be assessed by the domestic carriers. He said the comparable analysis of charges by ports of similar size, which management was asked to obtain, could be used in the response. The General Manager said management has began the research of other port charges, but may require more time as each port charges are formulated differently. He suggested that this matter be discussed further in another meeting. The Chairman had no objections.

**IV. GENERAL MANAGER'S REPORT**

1. **Port Modernization-MARAD PMT**: MARAD's timeline to award the PMT by mid-May has not changed.

2. PAG Funding

a. OEA Funding – Implementation plan funds of \$0.5M is ongoing. The Port is applying for \$2M for field investigation studies. Application status will be known next month.

b. Stimulus Package

1. USDA Loan – Pre-application still under review. Expected terms for the \$50M loan is up to 40 years at 4.5% interest.

2. DOT-FHWA-\$4.6M – FHWA and MARAD have confirmed the Port is not eligible for the DOT ARRA funds. It was determined that the Port's project did not meet the sections' criteria.

3. DOT-Discretionary Funds (ARRA) – The \$1.5B designated as DOT discretionary funds that the Port will apply for over \$100M to fund the modernization, significant lobbying effort is planned to facilitate favorable DOT action.

c. DOI Funding – FY08 grant funds of \$2M in MARAD's account will be used for the PMT. FY09 grant funds of \$2M approved by DOI is to purchase RTG's and the Port requested the Governor for the funds to be reprogrammed towards the modernization efforts.

3. Performance Management Contract (PMC) – Deadline for RFI submission has been extended to April 17, 2009. Two offerors responded to the RFI submission.

As directed at the previous Board meeting, PBI have been notified that their assistance will be solicited to prepare an RFP that will allow the Port to hire a consultant to develop the RFP for the PMC. The Port is working with OEA to secure grant funding to cover PBI services. Formal approval of funding source is expected in May, and release of funds by June.

4. Labor Negotiations – Management sent memo to GSA on March 31, 2009 to cancel in its entirety RFP PAG 09-002 Labor Negotiator Services.

5. Procurement – The Port and GHURA are in the process of finalizing an MOU which will allow GHURA's Procurement Manager, Mr. Bernard Lastimoza, to be part-time detailed to the Port. Procurement staff has returned to the Port Authority offices. Next step will be to hire a permanent Procurement Manager.

6. Commercial Lease Rate Increase (Bill 78) – Public Law 30-19 was enacted on April 17, 2009. The law adopted the Port's request to increase lease rates for office, warehouse, open space, ground space and telecommunications. It also provides for rates to be revised every 3 years at a rate no less than 10%. Tenants will be notified of the rate increases.

## V. COMMUNICATIONS

1. **List-Federal Grant & Local Funding Programs:** Management was advised to include date of activity and ensure numbers corresponds with report provided to Oversight Chair.

## VI. REPORTS

- a. **Insurance Reports:** No insurance reports were provided by AM Insurance.
- b. **Operations Productivity Report:** Mr. John B. Santos, Operations Manager presented the March 2009 operations report and briefly reported the following:
- **Domestic Vessel Recap** - Horizon and Matson combined totaled 6,083 container lifts. Horizon had a total of five vessel calls averaging 20.1 gmph versus Matson with five vessel calls averaging 19.6 gmph.
  - **Inbound (Discharged) Containers** – Horizon at 1,325 containers for March; and 1,845 for Matson same period.
  - **Container Count Comparison** – Operations moved a combined total of 8,790 container lifts versus last year same period at a total of 8,972 container lifts.
  - **Import Local and Military Containers (TEU's)** – Both Matson and Horizon imported a combined total of 4,263.3 TEU's for local and 1,411 TEU's for the military.
  - **Mobile Harbor Crane Log** – The MHC was utilized against two vessels on containers as well as breakbulk operational activities.

Mr. Camacho asked when the POLA Cranes were installed. Mr. Santos replied that the three refurbished POLA Cranes arrived Port on February 8, 2009. Installation of the first crane was on February 11, 2009. Subsequently thereafter, the two remaining cranes were installed and operational. The reporting on the operational usage of these cranes will show on the next productivity report.

As the matter relates, Management was advised to prepare letter to JGPO requesting projected military cargo thru-put volume.

### **Committee Reports:**

a. **Finance Committee:** The financial report for the month of March 2009 was provided to the Board for information. Mr. Camacho said the Finance committee at its previous meeting recommended approval of the following:

1. **Longliners Vessels:** An increase in the longliners flat rate of \$250.00 to \$355.00 is to recover the cost of services for maintenance.

Mr. Camacho made motion to approve the Board Policy Memorandum No. 2002-08 (Revised) – Flat Rate for Longliners Vessels to be increased from \$250.00 to \$355.00 per vessel

per voyage to take effect June 1, 2009. Motion was seconded by Mrs. Lacson and was unanimously approved.

2. Memorandum of Agreement-Department of Corrections: Management request to enter into an MOU with Department of Corrections to perform cleaning, landscaping and maintenance of the Port grounds, e.g., Route 11 to Family Beach and marinas. The Port will provide the supplies – whips, gas, trash bags and provisions. Funding for this purpose is \$4,040.60 for the remainder of the fiscal year.

Mr. Camacho made motion to approve the Memorandum of Agreement between Port Authority and Department of Corrections for purposes of cleaning, landscaping, maintenance of “Service Areas” of the Port Authority properties to include funding approval of \$4,040.60 expenditure for the Port to provide the requisite supplies and provisions for the remainder of the fiscal year. Motion was seconded by Mrs. Lacson and was unanimously approved.

3. Replacement of Rails & Wharf Upgrade-Additional Funding Request: Management request for additional funding of \$5,425.00 to be paid to Duenas & Camacho Engineering Consultants for additional services in preparation and submission of permit applications to the federal and local governments. As this will not be an additional expense to the profit & loss, the committee recommends approval of this request.

Mr. Camacho made motion to approve the additional funding for the replacement of rails & wharf upgrade environmental permitting services to Duenas & Camacho Associates in the sum of \$5,425.00, seconded by Mrs. Lacson. Motion was unanimously approved.

4. Teker Invoices – Invoice dates back to October 2006, and the committee recommended no action on this request until Attorney General’s office has reviewed and certifies this matter. Management was advised to obtain certification from Attorney General’s office relative to Teker Torres law offices invoice services on Shell pipeline.

5. Capital Improvements for Golf Pier Pipelines Funding: Management is requesting approval to appropriate funding in the amount of \$600,000.00 for construction cost to replace pipelines in the Golf Pier. The committee did not take action on this item until more information is obtained.

b. Maintenance/Equipment Committee: Maintenance reports on downtime and crane lifting equipment repair status was provided to the Board for their information.

The Chairman asked that the operations productivity report and maintenance downtime report correspond with each other.

c. Human Resources Committee: Mrs. Lacson reported on the following items:

1. Performance Evaluation for the General Manager – (To be discussed under executive session.)

2. Position Classification, Compensation & Benefits Study Update – Mr. Alan Searle, consultant is currently off-island and will return May 18, 2009. However, it is important to note that the funding is still pending management final decision on the slated percentile for actual financial projections by Mr. Searle.

3. Proposed Personnel Rules and Regulations-Maritime Positions Unique to the Port Operations and Certified, Technical and Professional Positions – For Board's information, the CTP positions is provided to this report as an attachment. The Chairman asked that the committee also provide the members with an updated copy of the proposed personnel rules and regulations.

4. Creation-Procurement Management position – Mrs. Vivian C. Leon, Corporate Services Manager will begin the initial process of the creation of Procurement Management position. This process will take approximately two months to complete.

5. HR Division-KPI's – Mrs. Leon and Mrs. Francine T. Rocio, Personnel Services Administrator met with the General Manager to establish key performance facts for the HR division.

d. **Property Leasing/Port Development Committee:** Mr. Glenn B. Nelson, Commercial Manager presented the Board with an update on property-related items.

1. Proposed Increases-Lease Rates for Office, Warehouse & Open Space – As reported earlier by the General Manager, Bill 78 was signed into law by Acting Governor Mike Cruz on April 17, 2009; now Public Law 30-19. Staff will commence implementation of new fee structure.

2. Agat Small Boat Restaurant & Dock Shop Facility – Public notice was issued on April 7<sup>th</sup>, 9<sup>th</sup> and 14<sup>th</sup>. Three packets were picked up with only one respondent to date. Non-binding deadline for submittal is April 24, 2009.

3. Watts Contractors Application of March 4, 2009 – Operations Manager has arranged a pre-ops meeting for April 24 with Watts Contractors to further their request. (Pre-load staging for outgoing construction material.)

4. Unitek request for Tank 13--Area A – Unitek expresses interest on Tank 13. However, follow-ups will be made first with previously interested party (PowerSource) to determine whether they wish to continue with this request.

5. Lease Termination(s)

a. Matson Navigation has terminated their lease for one acre portion within Parcel 1 aka Old Hawaiian Rock effective May 1, 2009. Reason – Relocation to Guam United Warehouse.

b. Tidewater Distributors is terminating their lease within Warehouse II due to equipment breakdown. Reason – Cost to repair far outweigh benefit of repair with only a few months remaining on their lease.

6. Liquid Fuel/Breakbulk Thru-put Assessment – Staff was granted Board approval to proceed with the Administrative Adjudication Act process on the recommended increase of liquid fuel/breakbulk thru-put rates. In recent weeks, due to concerns of Oversight Chair associated with redundant and lengthy nature of the Triple A process, as well as, ongoing discussions relative to proposing PUC legislation to address rate making authority, the process was held in abeyance. It was reported that the recent Public Law 30-19 includes a provision allowing the Board to set facility lease and use rates. The Port's fuel piers fall under the definition of real property and other related. As a result, the staff is requesting consideration to authorize management to use this provision on the liquid fuel/breakbulk thru-put rates.

The Chairman advised management to provide recommendation on fee structure. On a related matter, Mr. Camacho asked management to also provide recommendation on cost recovery of marinas.

d. Procurement Advisory Committee – None.

#### VII. OLD BUSINESS

a. List of Unclaimed/Damaged Cargo: The Board members were provided with a list of unclaimed/damaged cargo. Management was advised to provide recommendation for Board action.

#### VIII. NEW BUSINESS

a. MOA–Port Authority and Department of Corrections: (Item addressed under Finance committee.)

#### IX. PUBLIC COMMENT

a. Port Users Group Comment: None.

b. General Public Comment: None.

c. Employee Comment: None.

#### X. EXECUTIVE SESSION

At this time, the members went into executive session at 2:55 p.m.

Executive session ended at 3:05 p.m. The Board members resumed back into regular session. Items discussed in executive session were GFT Negotiations and Performance Evaluation of General Manager.

On the matter of GFT Negotiations, the Board of Directors ratified the following: designation of authority to act on behalf of the Port Board in negotiations with the Guam Federation of Teachers on behalf of the employees of the Operations and Maintenance Division under the PEMRA to the Chairman of the Board or the General Manager of the Port; such authority includes the ability to designate individuals to attend negotiation meetings on behalf of the Port and to allow such individuals to negotiate a written draft agreement; the Board of Directors shall retain final authority to approve any such draft agreement; and all meetings or actions that have taken place as of April 23, 2009. Motion made by Mrs. Lacson and seconded by Mr. Camacho. Motion was unanimously approved.

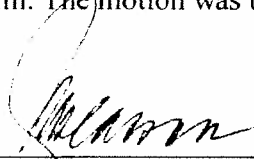
Mrs. Lacson made motion to approve and authorize management to release for general publication the final performance evaluation of the Port Authority General Manager as reviewed by the Board.

Next Board Meeting Date

The Chairman asked the members whether there were any objections in holding Board meetings at 5:00 p.m. instead of 2:00 p.m. There were no objections. This meeting arrangement will be applied to all future Board meetings, unless otherwise stated.

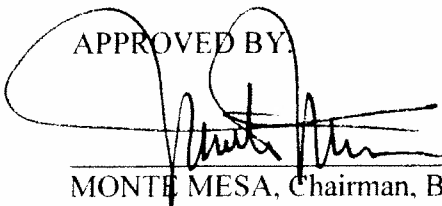
**XI. ADJOURNMENT**

There being no further business to discuss, it was moved by Mr. Camacho and seconded by Mrs. Lacson to adjourn the meeting at 3:10 p.m. The motion was unanimously passed.



MARILOU LACSON, Board Secretary, Board of Directors

APPROVED BY:



MONTE MESA, Chairman, Board of Directors

