



**PORT AUTHORITY OF GUAM**  
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**FELIX P. CAMACHO**  
Governor of Guam

**MICHAEL W. CRUZ**  
Lieutenant Governor

**MINUTES OF THE**  
**REGULAR MEETING OF THE BOARD OF DIRECTORS**  
**Wednesday, February 18, 2009**

**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., Wednesday, February 18, 2009. 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, Alfred Leon Guerrero-Deco Corporation, Lee Vensel-Deloitte & Touche and Port Management staff.

Before the approval of minutes and at this time, the members agreed to entertain the Employee Incentive Awards.

Mrs. Carmelita Nededog, Human Resources division said the awards being presented to employees are in recognition of their outstanding performance for the months of October thru December 2008. Awards presented to the employees were:

1. Employee of the Quarter: Arnold P. Fernando, Equipment Operator II
2. Supervisor of the Quarter: Jose P. Bamba, Crane Operator Leader
3. Outstanding Work Center of the Quarter: Human Resources Division  
Stevedoring Division/Shift I
4. Good Housekeeping Work Center of the Quarter: Human Resources Division  
Maintenance Manager's Office

The Board members expressed their congratulations to the award recipients for a job well done.

**Addendum to Agenda:** The Chairman asked that the following item GFT Negotiations-Status be added onto the agenda under old business. There were no objections.

## II. APPROVAL OF MINUTES

a. **December 18, 2008:** Mrs. Lacson made a motion to approve the minutes (corrected) of December 18, 2008 subject to correction. The motion was seconded by the Vice Chairperson and was unanimously passed.

b. **January 22, 2009:** The Vice Chairperson made a motion to approve the minutes of January 22, 2009 subject to correction, seconded by Mrs. Lacson. Motion was unanimously passed.

c. **February 3, 2009:** The Vice Chairperson made a motion to approve the minutes of February 3, 2009 subject to correction. The motion was seconded by Mrs. Lacson and was unanimously passed.

## III. CHAIRMAN'S REPORT

1. **POLA Cranes** – Congratulations to management, staff and carriers for the safe arrival of the three refurbished POLA cranes. A blessing ceremony took place on February 11. The next process is to get the cranes operational and have training provided to the port employees to operate the equipment by end of March or early April. The mere presence of these cranes gained confidence back from the community, both in the private and public sectors. The military is also pleased as they have said this is a good sign and effort on the Ports part to moving forward.

2. **Port Oversight Round Table** – A round table discussion was held on February 13, 2009 with the Port Oversight Chairman Thomas Ada and he is committed to helping the Port through this modernization. Dialogue will continue with his office to assist in moving certain initiatives through the Legislature regarding the modernization plan; provide authorization for the Board to enter into leases up to 20 years; tariff adjustments addressed to the Public Utilities Commission and obtaining approval on the 3 outstanding items for the master plan.

3. **Bill No. 51 - Amendment** – An impromptu legislative hearing took place February 18, 2009 which involved possible tariff adjustments by law affecting the Port. Section 3 of said bill implements a Waste Disposal Fee that shall be imposed by the Port Authority upon any and all cargo containers or shipments of raw material and shall be charged either per container, breakbulk, ro-ro, etc. Rates included: \$200/container (25 feet and less); \$400/container (over 25 feet); other cargo \$20/revenue ton. After several discussions and testimonies from public/private sectors, this amendment was not favored. He thanked management for presenting the case well.

#### IV. GENERAL MANAGER'S REPORT

1. MARAD-PMT – General Manager along with support staff attended an Oral Presentation first week of February at MARAD's office in Washington, DC. The Maritime Administration anticipates making its selection early March.
2. OAE-RFP – Contract negotiations with Parsons Brinckerhoff, Inc. is complete. Contract will be routed for signatures. Kickoff is set for first week of March.
3. PAG Funding - Stimulus Package – Passed both US House of Congress and US Senate reviews. DOT is at \$1.5 billion for grant projects. The Port would be competing against other port projects, bridges and highways. Met with General David Bice, JGPO and mentioned he would provide high recommendation to assist the Port in obtaining some of those funds. Management will provide General Bice with a list of projects for 2010 grants. In other funding, the DOI portion was an earmark which did not fare very well in Washington DC. What was passed in the stimulus package was \$60 million for all insular areas which include Guam, American Samoa, Virgin Islands, and Puerto Rico.
4. DOI Funding – Received verbal approval from DOI officials on the \$2 million for FY09 for equipment; also can be reprogrammed for other port priority uses.
5. EDA Funding – Final application was submitted for \$2 million last week. About 90% of the applications received agency approval and will be used to modernize the port. Funds are expected to be released contingent upon EDA budget approval.
6. Performance Management Contract (PMC) – The RFI Open Meeting Questions & Answer Session was held February 16 which was attended by four individuals. Deadline for RFI submission is March 19, 2009.
7. Labor Negotiations – RFP was advertised last week. Deadline to submit proposals are February 19, 2009.

#### V. REPORTS

- a. **Insurance Reports:** January 2009 insurance report was provided for Board's information.
- b. **Operations Productivity Report:** Mr. John B. Santos, Operations Manager presented the January 2009 operations report and briefly reported the following:
  - Domestic Vessel Recap - Horizon and Matson combined totaled 4,199 container lifts. Horizon had a total of four vessel calls averaging 17.9 gmph versus Matson with four vessel calls averaging 20.5 gmph.
  - Inbound (Discharged) Containers – Horizon at 836 containers for January; and 1,090 for Matson same period.

- Container Count Comparison – Operations moved a combined total of 7,272 containers lifts versus last year same period at a total of 8,655 container lifts.
- Import Local and Military Containers (TEU's) – Both Matson and Horizon imported a combined total of 2,608.5 TEU's for local and 887.8 TEU's for the military.
- Mobile Harbor Crane Log – Currently being maintained for this afternoons' operation.

The Chairman asked that a unit cost be prepared for containers per size on wharfage, handling, grounded and chassis for purposes of tracking and comparison with other port industries.

### **Committee Reports:**

a. **Finance Committee:** The financial report for the month of January 2009 was provided to the Board for information. Mr. Camacho asked why the overtime has increased with cargo volume down. Mr. Jose B. Guevara, Financial Affairs Controller said the basis for the increase in overtime is due to Port Police manpower assigned to the passenger vessel operations during the period of November thru January. Mr. Camacho understands, however, he said that that portion is 15% and the remaining 85% overtime is throughput related which should be controlled and managed more responsibly. The General Manager explained that the operations budget compared to last years have decreased so there are improvements. He mentioned that the overtime stems from maintenance work that is currently under review for improvement. Management was asked to prepare a breakdown on overtime identified by administration and operation division that will show where the overtime is applied.

For purposes of the Oversight Committee Chairman's information, Mr. Camacho asked that a report be made for each aging account and indicate actions taken to remedy such receivable; and to prepare a report showing specific details on how the \$13 million cash asset is encumbered.

As the matter relates, there were no objections to entertain item a. Audit Report Fiscal Year 2008 under new business. Mr. Lee Vensel, Deloitte & Touche briefed the members on significant points of the audit review as follows:

#### Fiscal Year 2008 compared to 2007

1. Operating Expenses: Total expenses up about \$2 million. Largely due to the following:
  - Management and administration up about \$400k due to salary increases.
  - Equipment maintenance up to \$600k.
  - Facility maintenance is up \$400k
  - General expenses is up \$500k

*Earnings of operations dropped about \$700k compared to last fiscal year.*

2. Nonoperating (expenses) revenues: Up \$200k
  - US Government operating grants at \$266,666 *Financial Feasibility Study*
  - COLA/supplemental annuities up about \$600k
  - Litigation settlement and other income of about \$400k
  
3. Statement of Net Assets:
  - Cash on Investments down at about \$300k
  - Account receivables about \$900k

*Total assets is up to about \$2.2 million compared to last fiscal year.*
  
4. Liabilities and Net Assets:
  - Accounts payable, trade up about \$800k
  - Accrued earthquake and typhoon damages – *No change. Could potentially be written back as income in the coming years by completing all the projects.* Management was advised to provide a schedule of the projects and indicate target date of completion.
  - Unfunded pension cost up about \$500k
  
5. Compliance Report: *Question Cost of \$64,276 on the Homeland Security Grant. Improper procurement process without justification.* The General Manager was advised to follow up with Homeland Security office on this issue.
  
6. Lease administration: *This area needs to be handled more diligently and should be closely monitored.* Mr. Camacho asked that management prepare a control sheet of all the leases, such as inception, expiration, options, escalation schedule, etc. to be provided by the next oversight committee meeting in March.

Mr. Vensel was asked if he could provide the Board with detailed audit findings regarding leases. Additionally, as requested by Mr. Camacho, management is to include in future Board meetings corrective measures taken on the audit deficiencies for review. There was no objections.

Mr. Camacho said the Finance committee met on February 11, 2009 and addressed the following:

1. Port Compensation Implementation Cost – Management was asked to provide a plan on how such compensation could be funded.
  
2. Budget Request for Detail Appointment – The committee recommends approval on the budget allocation to include benefits for the detail appointments.

Mr. Camacho made motion to approve the budget allocation of \$17,600.00 to include benefits for the remainder of the fiscal year to compensate those employees who were serving detail appointments in accordance with the personnel rules and regulations, seconded by Mrs. Lacson. Motion was unanimously approved.

3. Thru-Put Rates – It was recommended by the committee that management be authorized to proceed with the Administrative Adjudication Act process on the proposed thru-put rates for fuel and other products through the pipelines on an incremental basis over a 3 year period.

Mr. Camacho made motion to authorize management to proceed with the Administrative Adjudication Act process on the proposed thru-put rates for fuel and other products imported/exported through pipelines and that such implementation of the rates be done on an incremental basis over a 3 year period of which the annual increase amount is to be determined by management. Motion was seconded by the Vice Chairperson and was unanimously approved.

4. Fuel Surcharge – An assessment was done on the fuel surcharge and recommended that it be decreased.

Mr. Camacho made motion to revise Board Policy Memorandum No. 2007-01 – Fuel Surcharge that would reduce the surcharge to be more in alignment with the current fuel cost to take effect April 1, 2009, seconded by the Vice Chairperson. Motion was unanimously approved. Mr. Camacho said management will periodically review the rates as the price of fuel fluctuates which will be presented back to the Board for further action.

Mr. Camacho said other items discussed were on Gantry 2 expenses and an investment guide which will be further addressed at the committee's next meeting. Finance committee minutes of January 23, 2009 were provided for Board's information.

b. Maintenance/Equipment Committee: None.

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

1. Board Policy No. 09-03 – Performance Evaluation for General Manager – Members were advised that this item was presented at two previous Board meetings and requested for Board approval. The Vice Chairperson made motion to approve Board Policy No. 09-03 – Performance Evaluation for General Manager, seconded by Mrs. Lacson. Motion was unanimously approved.

2. Position Classification, Compensation & Benefits Study Update – Mr. Alan Searle, consultant completed Stage 3 of the compensation and benefits study and had presented the final cost analysis to the Board at the previous meeting. As earlier reported by the Finance committee, management is to provide a plan on how this compensation will be funded.

3. Compensation and Benefits Study – Proposed Personnel Rules and Regulations – A public hearing was held on February 9, 2009 for comments and questions. Deadline to submit written testimony is March 11, 2009. Anticipate the rules to be approved by June 27, 2009.

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 – Forwarded to the Governor’s office on February 5, 2009. As to date, remains under review.

2. Casamar Sub-Lease Request – Management met with Casamar representatives on February 4 and they had expressed no desire to pursue matter of Port consent for proposed Mitsubishi Cement sublease.

3. Hanson Micronesia Cement –No update available at this time.

4. GDP Marina – Pending cost estimates from Department of Agriculture.

5. SHAW Group – Interest in leasing warehouse space (Bays 9 & 10) to work against Navy side pier fendering system project slated to commence March 1, 2009.

e. **Procurement Advisory Committee:** The Deputy General Manager said that an RFI Open Meeting Questions & Answer Session was held February 16, 2009. Attendees included Mr. Tom Ahillen, Asia Pacific Solutions; Ms. Karen Charfauros, Tarakito Consulting; Mr. Zennon Bellanger, Bellanger & Associates and Mr. Rick Agustin. Topics of discussions included the License Agreement-POLA Cranes; recommendations to repeal Public Law 27-60, information gathering on port operations; foreign company participation. The Deputy General Manager said that a question was posed on whether any company can submit a response for the RFI. It was confirmed by GSA that responses from those who picked up packets and registered with GSA will only be accepted to avoid unsolicited responses. Deadline for RFI submission is March 19, 2009.

At this time and for Board’s information, Mr. Guevara reported the procurement RFP and bid status report for the following: Agat restaurant concessionaire, banking services, electrical upgrade, labor relations negotiations services, owners agent/engineer, PMC, risk management services, safety shoes, telescopic spreader, top loaders, wharf gantry rail replacement & wharf upgrade. The Board was also advised that GSA will be responding to a protest filed by a vendor on the top loader. It was noted that a notice of stay was not issued despite the fact that a purchase order has been issued to the awardee.

Management was advised to prepare draft legislation on penalizing bidders that frequently file [frivolous] procurement protest for recommendation to the Port Oversight Chair to consider as part of the procurement law. This would provide for a penalty to those bidders that are not successful in their procurement appeal.

## VI. OLD BUSINESS

a. **Board Policy No. 09-03 – Performance Evaluation for General Manager:**  
(Item addressed under HR committee.)

b. **Board Policy No. 09-04 - Performance Evaluation for Deputy General Manager:** The Chairman asked that the performance evaluation for this policy be revised to reflect that this position be under the review of the General Manager. There were no objections.

c. **F3 Fuel Storage and Delivery Site and Certain Throughput and Wharfage Rate Structures:** (Item addressed under Finance committee.)

d. **Cementon Micronesia Lease Agreement – Retracement of Property:** The General Manager said when the map of the property was submitted it was discovered by the Port that the original description of the parcel included the public access road. As a result, Cementon was requested to have the surveyors retrace the property, excluding the public road. This retracement affected the size of the parcel leased to Cementon Micronesia which reduced it from 78,366 to 53,640 square footage; difference of 24,726 square feet. This also impacted the rent per month from \$28,995 to \$19,847; difference of \$9,148 a month. Therefore, Board approval is being requested to amend Cementon Micronesia's lease agreement to reflect the reduction of leased area and monthly rent.

The Vice Chairperson made motion to approve an amendment to Cementon Micronesia's lease agreement to adjust the square footage of the leased area to include the reduction in the monthly rent, seconded by Mrs. Lacson. Motion was unanimously approved.

e. **GFT Negotiations - Status:** The Chairman said that Board action is being requested to authorize the General Manager to enter into discussions with GFT representatives relative to labor relations. Motion made by Mrs. Lacson. With no second made to the motion, motion dies.

The Vice Chairperson recalled that there is an RFP in place for Labor Relations Negotiations Services. The General Manager said that perhaps this item be addressed in executive session. Legal Counsel mentioned that this is simply a formality for the Board to designate for the purpose of exclusive recognition that was granted back in August 2008 for any meetings, negotiations, or designation of a negotiating team, that the Board is giving the authority to the General Manager. The General Manager restated his position that for strategy purposes, this item be discussed in executive session. The Chairman said that he will take that under advisement.



## VII. NEW BUSINESS

- a. **Audit Report Fiscal Year 2008:** (Item addressed under Finance committee.)
- b. **Budget Request to Fund Detail Appointments:** (Item addressed under Finance committee.)
- c. **Fuel Surcharge Fee – Board Policy Memorandum No. 2007-01:** (Item addressed under Finance committee.)

## VIII. PUBLIC COMMENT

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

## IX. EXECUTIVE SESSION

Executive session ended at 4:15 p.m. The Board members resumed back into regular session. Items discussed in executive session was GFT Negotiations and Guam YTK.

On other related matters, there were no objections to address the following:

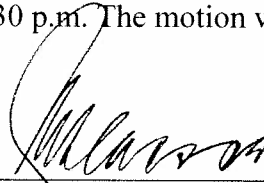
1. **RFP Labor Relations Negotiations Services** – The General Manager said the deadline to submit proposals for the labor relations is February 19, 2009; however, there is a request for extension for two weeks received just today from Deco Corporation. He requested for Board's guidance on whether to proceed with the RFP process. The Vice Chairperson asked whether there was a reason to rescind the RFP. The General Manager said the concern originally was that there might be off-island union negotiators on the side of GFT that were clearly in a class outside of what the Port is capable of addressing; but later learned in a first meeting held February 17, 2009 from GFT officials that representation will be made by local representatives instead. The Vice Chairperson suggested to proceed with the RFP process in the event such expertise is needed and to utilize such services when necessary. She said perhaps this can be arranged during contract negotiations where payment be made only when services are rendered. The General Manager recalled that the original scope of work indicated this service to be on an as needed basis for three years. There were no objections for the General Manager to proceed with the labor relations RFP.

2. **Next Board Meeting Date** - The Chairman announced that the next Board meeting will be held on Thursday, March 26, 2009 at 2:00 p.m., Port Board of Directors Conference Room at Piti.

3. Professional Consulting Services - The Vice Chairperson suggested that a professional consultant be considered to assist in the Performance Management Contract request for proposal. The Vice Chairperson was advised to bring this matter before the Procurement Advisory committee of which she chairs and then provide recommendation to the Board members. She agreed to do so.

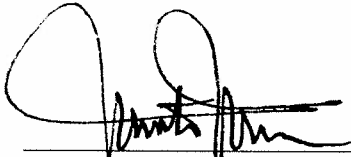
#### X. ADJOURNMENT

There being no further business to discuss, it was moved by Mr. Camacho and seconded by Mrs. Lacson to adjourn the meeting at 4:30 p.m. The motion was unanimously passed.



MARILOU LACSON, Board Secretary, Board of Directors

APPROVED BY:



MONTE MESA, Chairman, Board of Directors

