



FELIX P. CAMACHO
Governor of Guam

MICHAEL W. CRUZ
Lieutenant Governor

PORT AUTHORITY OF GUAM
ATURIDAT I PUETTON GUAHAN
Jose D. Leon Guerrero Commercial Port
GOVERNMENT OF GUAM
1026 Cabras Highway, Suite 201
Piti, Guam 96925



Telephone: (871) 477-5931/35
(871) 477-2683/85
Facsimile: (871) 477-2689/4445
Webpage: www.portofguam.com

MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, July 23, 2009

I. CALL TO ORDER

There being a quorum, the regular meeting of the Board of Directors was called to order at 5:10 p.m., Thursday, July 23, 2009. Present at the meeting were:

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

Absent was Mrs. Marilou Lacson, Board Secretary and William Beery, Member. Also present were USDA-Joe Diego; GEDA-Christina Garcia, Antoinette Leon Guerrero; PBI-Paul Sorenson, Don Grigg; Jay Sunga-Senator Tom Ada's office, Lea Santos-Senator James Espaldon's office, AM Insurance-Trisha Granillo, AnnMarie Muna and Port Management staff.

II. APPROVAL OF MINUTES

- a. **June 23, 2009:** The Vice Chairperson made a motion to approve the minutes of June 23, 2009 subject to correction. The motion was seconded by Mr. Camacho and was unanimously passed.
- b. **July 8, 2009:** Mr. Camacho made a motion to approve the minutes of July 8, 2009 subject to correction. The motion was seconded by the Vice Chairperson and was unanimously passed.

III. CHAIRMAN'S REPORT

1. **Master Plan Update** – Congratulated Board, management and staff on their efforts in educating the Senators in regards to finalizing the conditional approval of the port master plan. The master plan legislative public hearing was held on July 22, 2009 which went well and received positive comments. Testimonies and presentations made were clear and showed there

was a consolidated effort in presenting the master plan. It appears that the master plan will receive majority votes for passage which is slated first week of August 2009.

At this time, the members had no objections to entertain item a. USDA Loan Resolution under new business.

VII. NEW BUSINESS

a. **USDA Loan Resolution:** Ms. Christina Garcia, GEDA Acting Deputy Administrator said discussions have been held with representatives of Port Authority and USDA in regards to identifying a financier that would provide a loan which will be supported by a USDA guarantee. GEDA issued an emergency request for proposal on behalf of the Port Authority with the understanding that the application submission to USDA was of time sensitive in nature; deadline being the end of the month. At the closing date of July 22, 2009, there were four respondents to the RFP. The evaluation committee evaluated the proposals and had selected a financier that would provide the loan to be guaranteed by USDA. At a GEDA Board of Directors meeting held earlier this afternoon, the evaluation committee determined and recommended the selection of Citizens Security Bank, as such financial institution provided the best financing proposal. CSB's terms offered were more flexible and the amortization was very favorable as it was supported by a lower interest rate than the other proposals. Having said this, Ms. Garcia seeks for Port Authority Board of Directors approval for GEDA to move forward with finalizing the loan with USDA on behalf of the Port Authority. The Chairman asked what is the loan amount. Ms. Garcia said \$25M with a 90% guarantee with USDA.

The Vice Chairperson said in looking at the consultants schedule of the master plan and in trying to correlate that schedule, it indicates a total combined of \$106M that the Port would access between 2010-2011. For instance, this loan and loan guarantee would be applied towards those planned improvements based on the schedule. The General Manager replied positively and mentioned that it is basically \$180M planned for port improvements as well as improve on efficiencies.

The Chairman pointed out and made clear that the procurement process and emergency declaration for this Financial Assistance from a Bank or Lending Institution was done and performed by GEDA, to include the selection of the bank that would service this loan. The Port had no discretion on that selection nor did the Port Board take part in any decision making of such selection, but was decided by the GEDA Board of Directors. This is being made known for the record as it has been stated in prior meetings that member Camacho is a Board member of Citizens Security Bank.

Without further discussion, the Vice Chairperson made motion to approve Guam Economic Development Authority to move forward with finalizing the USDA Guaranteed Loan Application at \$25M and documentation to secure the necessary funding for the Port Authority, seconded by Mr. Camacho. Motion was unanimously approved.

Relative to the USDA Direct Loan, the General Manager requests Board's approval for management to move forward with the loan process. Mr. Camacho made motion to authorize management to proceed in applying for the USDA Direct Loan Application at \$25M, seconded by the Vice Chairperson. Motion was unanimously approved.

IV. GENERAL MANAGER'S REPORT

1. Public Law 30-43 – An Act to adopt the personnel rules and regulations for Jose D. Leon Guerrero Commercial Port and to authorize compensation and benefit adjustments.

2. Public Law 30-52 – An Act to amend §§10104(j) and 10104(k) of Chapter 10, Title 12, GCA; to amend §§12000, 12001.2 and 12015, and to add new §§12001.2(f) and 12015(g) of Chapter 12, Title 12, GCA relative to placing the Jose D. Leon Guerrero Commercial Port under the oversight of the Public Utilities Commission.

The Vice Chairperson asked that copies of such public laws be forwarded to the Board.

3. Port Modernization-MARAD PMT – The selection process for MARAD's PMT is still ongoing. Expect negotiation process to be completed by August. Final selection and contract award is targeted for mid-September. Kick-off to follow tentatively scheduled for October 2009.

4. OAE/PBI
i. Task Orders – Currently, all task orders are reviewed and vetted through the management team, then forwarded to the Finance committee via member Frank Santos for further review. Afterwards, it is brought before the Board at its next meeting. He suggested that because these task orders are time sensitive in nature and rather than holding off projects until the next Board meeting date, the General Manager recommended that a committee be formed on the Board level so the progress on projects continues forward without delay.

The Chairman said for this matter an Executive Committee will be formed, comprised of himself, member Camacho relating to all the necessary engineering work that needs to be done that has been vetted through the internal process. All such task orders will go before the Executive Committee for approval to be subsequently ratified by the Board at its next meeting.

Mr. Camacho made motion to approve as Board policy to form an Executive Committee for purposes of approving certain Owner's Agent/Engineering Task Orders to be subsequently ratified at the Board meeting, seconded by the Vice Chairperson. Motion was unanimously approved.

Mr. Camacho made motion to authorize management to move forward with the following Owner's Agent/Engineer Task Orders:

- Task Order No. 9 – Terminal Alternative Analysis-Development & Operations Plan
- Task Order No. 10 – Performance & Technical Requirements for Truck Gates & TOS

- Task Order No. 11 – On-Call Consultations and Service
- Task Order No. 12 – Crane Acquisition & Refurbishment Services
- Task Order No. 14 – Characterization of Benthic Marine Habitats
- Task Order No. 15 – Water Quality Surveys
- Task Order No. 16 – Aquatic Sampling and Habitat Assessment
- Task Order No. 17 – Dredge, Reclamation and Disposal Planning
- Task Order No. 18 – Dredge Sediment Characterization
- Task Order No. 19 – Terrestrial Ecology Survey
- Task Order No. 21 – ESA Phase I
- Task Order No. 22 – Dredge Sediment Coring Samples
- Task Order No. 24 – Unexploded Ordinance Surveys

Motion was seconded by the Vice Chairperson. Motion was unanimously approved.

Board members advised management on the following:

1. For future meeting arrangements with the Board, that the role of the respective individual(s) is indicated for Board's information.
2. Follow up with Mr. Kin Perez, Congresswoman office to confirm the master plan presentation to be made before the Congressional Delegation next month.
3. Arrange for a master plan presentation to the Lieutenant Governor next week.
4. Arrange one-on-one meetings with Senators relative to the master plan update.

V. COMMUNICATIONS

1. **List–Federal Grant & Local Funding Programs:** For Board's information.
2. **Appointment Letter PAG Board of Directors–William D. Beery:** For Board's information.

VI. REPORTS

- a. **Insurance Reports:** Ms. Tricia Granillo-AM Insurance provided the June 2009 insurance report for Board's information.

As directed at the previous Board meeting relative to construction project insurance coverage for the ports modernization efforts, Ms. AnnMarie Muna presented the Owner's Controlled Insurance Program (OCIPs) Wrap-Up Insurance Consolidated Insurance Programs (CIPs). This basically entails that the OCIP is for specific construction projects or series of projects usually \$50M or more. The project specific insurance provides for worker's compensation, general liability, excess liability and builder's risk. The coverage extends to the owner, general contractor and all tiers of subcontractors. The bottom line analysis is that the

owner maintains proper control/coverage, efficient procurement mechanism and opportunity for project savings. Mr. Muna mentioned that this type of coverage the Port should consider for the construction projects, and at the same time will continue to look into other options beneficial to the Port.

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

- **Domestic Vessel Recap** - Horizon and Matson combined totaled 5,676 container lifts. Horizon had a total of five vessel calls averaging 20.1 gmph versus Matson with five vessel calls averaging 18.7 gmph.
- **Inbound (Discharged) Containers** – Horizon at 1,074 containers for June; and 1,708 for Matson same period.
- **Container Count Comparison** – Operations moved a combined total of 8,343 container lifts versus last year same period at a total of 8,294 container lifts.
- **Import Local and Military Containers (TEU's)** – Both Matson and Horizon imported a combined total of 3,961.2 TEU's for local and 1,139 TEU's for the military.
- **Mobile Harbor Crane Log** – The MHC was used against vessel Pacific Harmony, totaling 3.7 hours in operation.

The Chairman asked that the POLA Cranes be identified with its 'chamorro names'. Mr. Camacho requested information on industry standards for productivity of ro-ro and breakbulk.

1. **Crane Labor Report** – The June 2009 crane labor report was provided to the Board for information.

Committee Reports:

a. **Finance Committee:** The financial report for the month of June 2009 was provided to the Board for information.

The Chairman asked the status of the accounts receivables. Mrs. Vivian C. Leon, Corporate Services Manager said the Port is seeking collection services from Legal Counsel. A follow up will be made accordingly.

Mr. Camacho advised the Financial Affairs Controller to provide recommendations on cost recovery for the Marinas to be presented to the Finance committee at its next meeting.

b. **Maintenance/Equipment Committee:** Mr. Ernie Candoleta, Maintenance Manager provided the June 2009 Cargo Handling Equipment Maintenance/Repair Cost Report which outlines the equipment, downtime, discrepancies, corrective action, work order and parts/labor cost.

Mr. Camacho requested a listing of top ten priorities on maintenance items for each Marina.

c. **Human Resources Committee:** Mrs. Francine T. Rocio, Personnel Services Administrator reported on the following items:

1. Proposed Personnel Rules and Regulations-Maritime Positions Unique to the Port Operations and Certified, Technical and Professional Positions-Public Law 30-43 – Public Law 30-43 was enacted into law on July 2, 2009 which adopted the Ports personnel rules and regulations which mandates the General Manager to provide the following: identify and list by title, the position description and starting pay range of classified positions utilized by the Port; post the compiled information on the ports website for no less than 2 weeks for employee review and comment. Deadline for employee comment is August 7, 2009. The Chairman asked that a copy of the list be forwarded to the Board members.

2. Position Classification, Compensation & Benefits Study Update – As directed at the previous meeting, HR division addressed the following: the Searle Study found that it would be 90% more beneficial for the Port Police personnel to be included in the compensation & benefits study, as oppose to the 40% increase under Public Law 29-105 (Public Safety Increase). Public Law 30-43 is inclusive of the Port Police personnel as it applies to all positions within the Port Authority. This addressed the concern of Senator Adolpho Palacios. Relative to one-on-one sessions with the employees on the compensation study and implementation process, to date HR staff held individual orientation briefings with over 80% of the port employees and will continue these briefings until completed.

The Chairman asked that management resume group meetings with port employees. Mr. Camacho asked that management provide clarity response to address the GFT claim on their newsletter relative to compensation of management level.

3. Procurement & Supply Manager – The position was announced government-wide on July 9, 2009 and posted on the Port Authority website. Closing date is today. The next step in the recruitment process is the application ratings. A list will be provide to the General Manager for approval, then a panel will established for the interview process.

The Vice Chairperson understands that there are seven employees on long-term disability and asked what the process entails. Ms. Rocio said one has just officially retired from the long-term disability. She explained that under the Defined Contribution Plan covered by Great West & Standard Insurance Company there is a program called “Long-Term Disability Program” which requires the Port to hold positions until it is determined that such employee is ready to return back to work. In this program the Port continues to pay employers share of contribution benefits and retirement. The insurance company performs yearly physicals on those under long-term disability and if found that such employee continues to be ineligible to report back to work, this port liability continues until the retirement age is reached as early as 55 years of age. The Vice Chairperson expressed concern that the agency does not benefit from the productivity or the manpower that that position classifies. Mrs. Leon shares the same concern, and had expressed

this to Retirement of the unfairness to hold these positions for such long periods; however with this program currently in place, Port compliance continues to include other governmental agencies.

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

1. Shell Assignment – TriStar’s financial statements, environmental reports on the easements, by-laws, articles of incorporation will be forwarded to the Finance committee for review. This to include DMV external credit ratings once received. The environmental baseline assessment reports was received today for F1 which also includes the Shell easement. Meeting with TriStar is scheduled for tomorrow to further discuss this matter.
2. Shell New Easement Agreement – Shell requested to enter into a new easement. Such lease agreement and proposed rate is currently under review by Legal Counsel and management.
3. F3 Lease – Pending Legal Counsel review.
4. Guam YTK – Letter from Atty. Phil Torres dated July 9, 2009 was received. Legal Counsel was requested to provide an opinion.
5. Restaurant Concessionaire – Supply Management Administrator is currently reviewing the request as to whether an RFP should be issued for the concessionaire.
6. Unitek – Has advised the Port that they are not interested in leasing Tank 7. Through their physical inspection, Tank 7 is in a state of disrepair and their estimated repair costs would be \$105,300.
7. SPPC Renewal – A follow-up letter will be sent to SPPC on the Port’s interest to begin discussions on the lease renewal options to Lot 2 and Pumhouse easement.
8. TWIC Proposal – It was clarified that TWIC will continue to be responsible for the maintenance, equipment and credit card processing fees. Guidance is being sought as to whether to proceed in accepting TWIC’s proposal.
9. Aqua World – Meeting is scheduled for July 28, 2009.
10. Route 11-A – Department of Public Works has formally notified the Port that Route 11-A easement has been removed from their Transportation Master Plan.
11. Real Estate Consultant – The consultant is still working on the recovery of the maintenance/repair for the tank and storage. Staff accompanied the consultant for a walk-thru of Area A and was present at a meeting with GPA to determine how GPA recovers cost on their fuel tanks.
12. Outstanding Accounts – Pending response from Legal Counsel on request for collection agency services.

On a related matter, the Deputy General Manager expressed concern as he understands that there is a policy on Common Area Fee where the tenants are paying more; however no major improvements have been made towards common area. He mentioned that the Port does not have sufficient personnel coverage and suggested perhaps to hire additional janitors. Mrs. Leon said the Port made several attempts to outsource grounds maintenance/services, but it was made known by GSA that the Port is not able to outsource such service because the Port currently has personnel in those positions. Mr. Camacho advised that this matter be brought before the Finance committee to determine options. In the meantime, the Deputy General Manager was to look into rescheduling the janitorial services to address the concerns of the tenants.

d. **Procurement Advisory Committee:** The Chairman asked the committee to work with management to look into organizing a Port Conference for the Performance Management Contract (PMC) for purposes of obtaining industry input. Target date is October 2009. Outline to be presented at the next Board meeting.

VII. OLD BUSINESS

- a. **OAE Task Orders:** (Item addressed in General Manager's report.)
- b. **Shell Assignment-Pipeline Easements and F-1 Management Agreements:**
Tabled.

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 7:55 p.m.

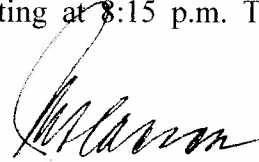
RECONVENED: The meeting reconvened at 8:00 p.m.

The Vice Chairperson made motion to go into executive session, seconded by Mr. Camacho. Motion was unanimously approved. Executive session ended at 8:15 p.m.

Items addressed in executive session include MEL Lines M/V Ratstor and Guam YTK.

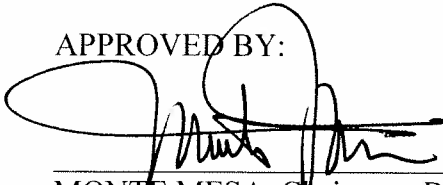
XI. ADJOURNMENT

There being no further business to discuss, it was moved by Mr. Camacho and seconded by the Vice Chairperson to adjourn the meeting at 8:15 p.m. The motion was unanimously passed.



MARILOU LACSON, Board Secretary, Board of Directors

APPROVED BY:



MONTE MESA, Chairman, Board of Directors

* WITH CORRECTION NOTED

