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MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
Tuesday, June 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., Tuesday, June 23, 2009. Present at the meeting were:

Monte Mesa, Chairman
Jovyna Lujan, Vice Chairperson
Marilou Lacson, Board Secretary
Glenn A. Leon Guerrero, General Manager
Enrique J.S. Agustin, Deputy General Manager
Atty. Ike Aguigui, Legal Counsel

Absent was Mr. Joseph Camacho, Member. Also present were Alan Searle-Port Consultant, Jay Sunga-Senator Tom Ada's office, Lea Santos-Senator James Espaldon's office, Tricia Granillo-AM Insurance and Port Management staff.

II. APPROVAL OF MINUTES

a. **May 28, 2009**: Before the approval of minutes, the Chairman asked the status of the following items:

Page 2, item d. DOI Funding – Request to reprogram the \$2M grant funding for purchase of RTG's to the port modernization. The General Manager replied positively, and said management received a copy of the letter today, addressed to the Governor from DOI, approving the reprogramming request.

Page 3, item 2. - USDA Loan to determine whether funding can be applied to purchase used/refurbished cranes. The General Manager said a meeting has been scheduled to meet with USDA officials next week where this matter will be discussed further.

Page 3, last paragraph – Certification of the lifespan of Gantry Cranes 2 and 3. The General Manager said Gantry 2 is scheduled to be assessed and inspected in August and September 2009, respectively. An inspection report is expected in October 2009. With respect to Gantry 3, management will consult with Matson General Manager once he returns from off-island.

Page 6, item a. Finance Committee – Energy Savings Program. Mr. Ernest Candoleta, Maintenance Manager said a committee has been established and has looked into switching off lights in certain areas of the Port during non-operational hours ensuring compliance with US Coast Guard. The General Manager added that the central aircon unit in the main building is turned off at certain periods.

Procurement & Supply Manager - The Vice Chairperson asked the status of the recruitment of Procurement & Supply Manager with respect to the 30 day requirement of Department of Administration. Mrs. Vivian C. Leon, Corporate Services Manager said pursuant to 4 GCA, Section 6303 there is a filing requirement with Department of Administration for the creation of positions, afterwards, the Port can proceed with the recruitment process.

Without further discussion, Mrs. Lacson made motion to approve the minutes of May 28, 2009 subject to correction. The motion was seconded by the Vice Chairperson and was unanimously approved.

III. CHAIRMAN'S REPORT

1. Appointment of Board Member – The Governor appointed Mr. William D. Beery to serve on the Port Authority Board of Directors and has subsequently transmitted such nominee to the Guam Legislature for purposes of legislative confirmation.

2. Deputy General Manager – Introduction took place on the new Deputy General Manager, namely Mr. Enrique J.S. Agustin. Mr. Agustin thanked the members and those present for the warm welcome and felt honored and obligated to work at the Port basically because of his experience and association with the port employees. He said there are challenges ahead which will be accomplished by working together and making this Port a modern port and also world-class in customer service.

Mrs. Lacson made motion to accept the appointment of Mr. Enrique J.S. Agustin as the Port Authority Deputy General Manager, seconded by the Vice Chairperson. Motion was unanimously approved.

3. Public Hearing on PUC Legislation/CTP Rules & Regulations – Appreciated all the support from management and staff shown at the public hearing process of the Port Authority's piece of legislation held recently which went well. Hopeful for legislative passage on both bills at their session scheduled for next month.

4. Eric Arndt, Management Leadership Seminar – Met with Mr. Eric Arndt, the Instructor on the Management Leadership Seminar held June 8-10, 2009 and was quite pleased and made good comments on the Port Management Team that had attended. Mr. Arndt also mentioned that the management team was receptive and involved in the leadership training and understood their respective role.

5. Portraits of Guam 2009-Volume II – Letter received by Mr. Bert Unpingco dated June 19, 2009 on the Portraits of Guam 2009 booklet which basically highlights the sites and history of Guam and its people. In moving forward with the port modernization, this provides an opportunity to promote and showcase the Port's efforts in its development. Mr. Unpingco is proposing to the Port five page layout in his booklet for a contribution of \$5,000.00, plus 20 copies. He advised the Marketing division to work with Mr. Unpingco to come up with pictures that would highlight sections of the Port and the employees. Management was to also identify funding source, perhaps through federal funds available promoting public outreach of the Authority.

Mrs. Lacson authorized management to work with Mr. Bert Unpingco to showcase the Port, its employees relative to the Portraits of Guam 2009 and identify funding source, seconded by the Vice Chairperson. Motion was unanimously approved.

6. Chamber of Commerce Support – The Chamber sent a letter to US DOT Secretary of Transportation Ray LaHood dated June 15, 2009 supporting the Port's quest for consideration of the American Recovery and Reinvestment Act (ARRA) Surface Transportation Discretionary Grant application at \$49.2M.

7. AAPA Annual Convention-October 25, 2009 – Asked management to consider sending two representatives of the Port and plan the budget allocation for travel accommodations in FY2010 budget.

IV. GENERAL MANAGER'S REPORT

1. Port Modernization-MARAD PMT - Board approval is being requested to fund travel accommodation to MARAD's office in Washington DC scheduled July 12-19, 2009 for himself and Mr. Herman Paulino, Planning Division. The purpose of the trip is to finalize award selection of the Project Management Team and discuss the National Environmental Policy Act (NEPA) strategy to be employed by MARAD's PMT based on the results of the field studies conducted by PBI/OAE. Travel authorization is in the sum of \$7,737.76.

This travel request will also cover various meetings with the following:

- a. PBI/OAE and DC Joint Guam Program Office (JGPO) officials on updated military cargo projections that will drive future port infrastructure.
- b. Meet with Guam Chamber of Commerce members and Department of Transportation Secretary Ray LaHood to discuss the military buildup and lobby for Guam's transportation infrastructure needs.

The Vice Chairperson said this will be very instrumental as it directly relates to the military buildup and lobbying efforts on transportation infrastructure and has no objection to the participation of these meetings. Mrs. Lacson asked whether two representatives were necessary. The General Manager said Mr. Paulino has taken part in this process at the onset and for consistency purpose, institutional knowledge and contact, it is important to the Port that he

continue to be part of this process. The Chairman asked that management ensure funding is identified.

The Vice Chairperson made motion to approve the travel authorization request for the General Manager and Mr. Herman Paulino, Program Coordinator IV to attend Various Master Plan Related Meetings on July 12-19, 2009 in Washington, DC. Meetings will be held with MARAD Administration, Owner's Agent/Engineer Consultant, DC Joint Guam Program Office, Guam Chamber of Commerce members and Department of Transportation Secretary Ray LaHood. Motion was seconded by Mrs. Lacson and was unanimously approved.

2. OAE/PBI - Project Manager arrives June 23, 2009 to solidify task orders for OEA/OIA/EDA. The Master Plan Update meeting is scheduled with the Oversight Chair on June 26, 2009 to review financial model assumptions and schedule public hearing for EIS, Financial Strategy and Implementation Plan.

3. PAG Funding

a. USDA Loans – Meeting has been scheduled for June 25, 2009 to discuss Pre-Application for the \$50M direct and guaranteed loans up to 40 years at 4.5% interest.

b. DOT-Discretionary – Information from Master Plan approved will be used for this grant. Management will engage with PBI for the grant writing task orders.

c. DOI Funding – The FY09 grant funds of \$2M has been approved by DOI for purchase of RTG's. DOI has responded to Governor's office request to reprogram the grant towards modernization efforts which have been approved.

4. Performance Management Contract (PMC) - Initial discussions with PBI & director Joe Camacho has been underway on matters relating to financial model assumptions. PBI is expected to arrive on Guam early July to discuss other PMC parameters.

The Chairman advised that aside from PBI, the General Manager is to assign a management team to be part of the PMC process and development and provide PBI information, and work products on the PMC that has been produced by the Port PMC committee. General Manager said Corporate Services Manager, Financial Affairs Controller, Engineer Manager and Program Coordinator IV is part of this group. The Chairman asked that a Port point person be identified to take lead on this project.

5. PUC Legislation – Public Hearing held June 17, 2009. No negative comments presented. PUC Director Perez testified in support of the bill.

6. Compensation & Benefits Study – A legislative public hearing was held on June 18, 2009. Both positive and negative testimony shared. The public hearing was well attended by Port employees. It is anticipated that the Guam Legislature will deliberate this bill in their July session.

7. Labor Negotiator – The Port received protest from Deco Corporation on RFP 09-002 – Labor Relations Negotiation Services. Protest is currently under review with Legal Counsel.

V. COMMUNICATIONS

1. List-Federal Grant & Local Funding Programs: Management was advised to include Department of Agriculture Funding on Federal Assistance Boating Access Funds.

VI. REPORTS

a. Insurance Reports: Ms. Tricia Granillo-AM Insurance presented the insurance reports covering the periods of March thru May 2009 for Board's information.

With respect to the Construction Phase the Port would be engaging in on the modernization efforts, the Chairman asked for AM Insurance to look into possible insurance coverage policies the Port would be entitled to as an effort to reduce cost.

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

- Domestic Vessel Recap - Horizon and Matson combined totaled 4,640 container lifts. Horizon had a total of four vessel calls averaging 20.2 gmph versus Matson with four vessel calls averaging 17.7 gmph.
- Inbound (Discharged) Containers – Horizon at 992 containers for May; and 1,434 for Matson same period.
- Container Count Comparison – Operations moved a combined total of 7,611 container lifts versus last year same period at a total of 8,738 container lifts.
- Import Local and Military Containers (TEU's) – Both Matson and Horizon imported a combined total of 3,388.3 TEU's for local and 1,011.1 TEU's for the military.
- Mobile Harbor Crane Log – The MHC was not utilized during this reporting period.

As directed by the Board at its previous meeting, Mr. Santos presented the productivity report on foreign vessel recap; price quote for overhead spreader and cargo hook; and indicated the actual operational hours/downtime hours on all cranes.

Committee Reports:

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

b. **Maintenance/Equipment Committee:** Mr. Candoleta provided the Weekly Equipment Status Report and the Weekly Control/Hoist Reading for 4th Quarter. The Chairman asked that the equipment status report include list of all maintenance equipments; and that a monthly maintenance budget cost and expenditure be prepare as well.

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** – Based on the public hearing that was earlier reported by the General Manager, the Oversight Chairman has set up several conferences to consider the request of the Port to authorize compensation and benefits adjustment for all positions as opposed to maritime positions and CTP’s pursuant to Public Law 29-24.

2. **Position Classification, Compensation & Benefits Study Update** – Mrs. Rocio reported that Mr. Alan Searle is present to brief the Board on the Implementation/Performance Management on the 10th market percentile. The Chairman recalled concerns expressed by the Legislature at the public hearing, such as incorporating the port police personnel and measure the financial impact on the inclusion of non-CTP positions versus positions eligible under the law. Mrs. Rocio said the presentation will address those concerns. At this time, Mr. Searle proceeded with the presentation. Discussions took place on the following:

- Current Performance Evaluation Period-1 year, 18 months, 2 years / Proposed Performance Evaluation - Annually
- Current Pay Schedule versus Proposed Pay Schedule
- Implementation Criteria: Performance-56%, Qualification-25%, Experience-19%
- Costing-Base Salary Structural Adjustment: CTP Employees/Non-CTP Employees
- Law Enforcement Costing-Base Salary Structural Adjustment
- Performance Evaluation Forms/Key Performance Indicators

The Chairman advised that Mr. Searle attend the Oversight committee meetings with Human Resources Division to further reinforce the compensation study and address additional concerns or questions. Human Resource division was asked to arrange ‘one-on-one’ sessions with Mr. Searle for those employees who have concerns on the compensation study.

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

1. **Shell Assignment** – Management requested financial statements and environmental reports from TriStar before execution of assignment of the pipeline easements and F-1 management agreements from Shell to TriStar.

2. **F3 Lease** – Staff is to follow up on this issue with Legal Counsel.

3. Guam YTK – Legal Counsel to provide GYTK deadline date to respond to Port request.
4. Restaurant Concession – Matter before the Supply Management Administrator to determine whether the concessionaire is to be processed through the procurement process or notice of availability.
5. Mobil Easement – Legal Counsel has returned the easement agreement to the Port. However, Mobil continues to express interest in the easement which will be further addressed in a meeting scheduled tomorrow.
6. CTSI office space request – Existing lease holder advised Port of their desire not to relocate current office space. Port will formally advise of its request.
7. Unitek-Tank 7 – Staff to follow-up on use of Tank 7.
8. SPPC Renewal – Letter was sent on June 18, 2009 to SPPC on the Port's interest to conduct discussions on the third renewal option of their leases to Lot 2 and Pumhouse easement.
9. Real Estate Consultant – Staff to follow-up on the status of report and whether the consultant was able to obtain access to our facilities.
10. TWIC Proposal – Lockheed will be notified of the Port's interest to assume responsibility of the processing of TWIC cards. Staff was asked to look into why the Port's identification card machine is inoperable.
11. Outstanding Accounts – Smithbridge has remitted their payment bringing the account current. Mobil account is currently with the General Manager. Two accounts have been referred to Legal Counsel for collection. Staff was asked to determine whether a collection agency is currently contracted with Legal Counsel prior to issuing an RFP for a collection agency.
12. Jan Z's Assignment – Based on counsel opinion, the assignment of Jan Z's was a sale of shareholders and as a result, the current owners is responsible for the outstanding debt incurred by Jan Z's.
13. Casamar – It was recommended that discussions be held with Casamar regarding their current lease prior to the execution of the estoppels certificate.
14. Shaw Lease – Letter is currently being prepared regarding their lease rates as well as the actual occupancy of the warehouse and office space.
15. Aqua World – Meeting is scheduled on June 26, 2009 to discuss the return of properties.
16. Route 11-A – Department of land Management and Public Works will be providing feedback to the Port by June 26, 2009.

17. Thru-put Rates – Commercial Manager currently preparing the necessary correspondence informing the tenants and managers of Port facilities of the Port's proposed increase of rates.

- d. Procurement Advisory Committee – None.

VII. OLD BUSINESS

a. Presentation: Performance Management System-Compensation & Benefits Study: (Item addressed under HR committee.)

b. FY 2009 Proposed Budget – Mid-Year Review: As this matter has been reviewed and addressed in the Finance committee, the Vice Chairperson made motion to approve the fiscal year 2009 proposed budget – mid-year review, seconded by Mrs. Lacson. Motion was unanimously approved.

c. Appointment of Deputy General Manager: (Item addressed under Chairman's report.)

VIII. NEW BUSINESS

a. Budget Request for 2009 Port Week Activities: The General Manager said Port Week 2009 is slated for October 19-23, 2009 celebrating 34 years of serving as Guam's lifeline. To assist in the success of Port Week, several committees have been established to take lead on a variety of functions and activities which include the Opening Ceremony, Grand Finale, Island Style Cookout and numerous sporting events. Therefore, it is being requested for the Board to approve a budget of \$15,000.00 in order to fund the upcoming events.

Mrs. Lacson made motion to approve the budget request for Port Week 2009 slated for October 19-23, 2009 at \$15,000.00, seconded by the Vice Chairperson. Motion was unanimously approved.

- b. Travel Authorization Request

1. MARAD-PAG meeting: Finalize PMT; Complete NEPA/ARRA Strategy; Lobby w/Chamber, July 12-19, 2009 - Washington D.C.: (Item addressed under General Manager's report.)

IX. PUBLIC COMMENT

- a. Port Users Group Comment: None.

- b. General Public Comment: None.

c. **Employee Comment:** Mrs. Josette Javelosa, Marketing division expressed gratitude of thanks to the Board, Management and Staff on their support on the compensation and benefits study public hearing. She expressed a job well done on the part of everyone.

X. EXECUTIVE SESSION

No Executive Session discussed.

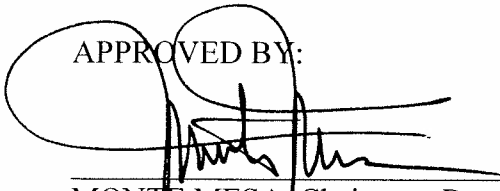
XI. ADJOURNMENT

There being no further business to discuss, it was moved by Mrs. Lacson and seconded by the Vice Chairperson to adjourn the meeting at 7:50 p.m. The motion was unanimously passed.

for 

MARILOW LACSON, Board Secretary, Board of Directors

APPROVED BY:



MONTE MESA, Chairman, Board of Directors

