



**PORT AUTHORITY OF GUAM**  
**ATURIDAT I PUETTON GUAHAN**  
**Jose D. Leon Guerrero Commercial Port**  
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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**  
**Thursday, March 26, 2009**

**I. CALL TO ORDER**

There being a quorum, the regular meeting of the Board of Directors was called to order at 2:10 p.m., Thursday, March 26, 2009. Present at the meeting were:

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

Also present were Lea Santos-Guam Legislature, Hugh Healey-Horizon Lines, Len Isotoff-Matson, Paul Blas-Seabridge and Port Management staff.

**II. APPROVAL OF MINUTES**

a. **February 18, 2009:** Before the approval of minutes, the Chairman followed up on the following items:

1. Page 4, Operations Report - Unit cost for containers per size (20ft, 40ft, 45ft) on wharfage, handling, grounded and chassis for purposes of tracking and comparison with other port industries. This scheduled breakdown is to include all port charges assessed, total cost associated with such containers.
2. Page 5, Audit Report – Procurement process on the Homeland Security Grant regarding \$64,276.00.

The General Manager mentioned that staff is currently working on the numbers which will be provided by the next Board meeting. As to the matter on Homeland Security procurement process regarding the \$62,276.00 grant, he said discussions were held with the Chief Procurement Officer, General Services Agency that had recommended all federal projects

procured by government of Guam be advertised. If no dispute is made, the process of sole source procurement will not be questioned. Port auditors of Deloitte & Touche agrees with this process.

There being no other concerns, Mrs. Lacson made a motion to approve the minutes of February 18, 2009 subject to correction. The motion was seconded by the Vice Chairperson and was unanimously passed.

### **III. CHAIRMAN'S REPORT – None.**

### **IV. GENERAL MANAGER'S REPORT**

#### **1. Port Modernization**

a. OAE – Consultant – Parsons Brinckerhoff, Inc. was selected consultant for the Owner's Agent/Engineer Services. Kick-off was held March 9-13, 2009 with various regulatory agencies to start the implementation plan, which includes field investigation studies and environmental work.

b. MARAD PMT – Technical Evaluation Consensus Meeting held March 24, at MARAD's office in Washington, D.C. It is hopeful that the hiring of a program management team be made sometime in June/July.

#### **2. PAG Funding**

##### **a. OEA Funding**

1. The Implementation Plan is funded through the Office of Economic Adjustment (OEA) at \$0.5M which is an ongoing project.

2. The Port is applying for another \$0.2M for the Implementation Plan components to augment some studies needed to be completed.

##### **b. Stimulus Package**

1. USDA Loan – Pre-application submitted Friday, March 20, 2009. Terms of loan sought include 4.5% interest up to 40 years in the amount of \$50M.

2. DOT-FHWA – The DOT Federal Highway division was appropriated the sum of \$27.5B. Secretary of Transportation, Raymond LaHood allocated those funds to various jurisdictions. Guam was allocated \$18.5M of which \$4.6M is the amount targeted for the Port to pursue.

3. ARRA – Port with the assistance of MARAD will apply for another grant under the DOT Section of the American Reinvestment and Recovery Act. \$1.5B has been designated as DOT Section discretionary funds and will be competitively issued. The Port will apply for over \$100M to fund the modernization.

3. Performance Management Contract (PMC) – Deadline for RFI submission has been extended to April 10, 2009.

4. Labor Negotiations – The Port received a protest on the Labor Negotiations services which will be addressed accordingly.

5. Bill 78 – Legislative Public Hearing was held March 23 before Port Oversight Committee on the proposed amended rate increase for office, warehouse, open space, grounds; and new rate for telecommunications. Interesting to note, some committee members felt since it has been over 20 years an increase was made, the lease rates should be at a higher premium. Rework was also done to address issues raised on the hearing. Concerns were made on automatic escalation provisions, telecom lease rates and lease rates for rail.

6. Ground Breaking Ceremony – The Wharf Upgrade & Rail Replacement Ceremony took place on March 24. Congratulations to management and staff for their hard work and making it a success. A job well done.

7. Port Enabling Legislation – Met with Oversight Staff on March 24. Works are underway to amend port enabling legislation. Management will continue to work closely with Oversight staff to help improve the ports process.

8. List: Federal Grant & Local Funding Programs – The Chairman asked that the federal grant/local funding program spreadsheet be fine tuned to show each year of federal funding being allocated and when it is suppose to be booked; also include the grand total of the funds.

The Vice Chairperson raised the question on the delay in the federal grants shown on the financial report. She expressed concern that the Port relies on those income to finance certain projects. Mr. Jose B. Guevara, Financial Affairs Controller said the Port has received the NTP – Notice to Proceed for the 2007 Homeland Security Grant at the sum of \$800,000 for container yard lighting and trailerable fire pumps. Specifications for these projects are being worked on in order to proceed with the procurement process. He added that the Hagatna marina renovation and site improvement of \$1.5M is pending the Authorization to Proceed (ATP) from Department of Interior Office of Insular Affairs (DOI-OIA).

The Vice Chairperson asked how federal grant funds are processed. Does the Port have to expend its funds and finish the project satisfactorily before release of grant funds is made. Mr. Guevara said the Port pays for the project and then requests for drawdown from invoices received. Ms. Dorothy P. Harris, Chief Planner clarified that projects does not necessarily need to be completed for Port to be reimbursed. It is based on expenditures which is reportedly quarterly.

## V. COMMUNICATIONS

- a. American Association of Port Authorities
  1. May 19-21, 2009 Boston, MA – Special Seminar for Members of Port Authority Governing Board and Commissions
  2. June 2-3, 2009 San Francisco, CA – Special Seminar for Public Port Authority Port Directors
- b. Port & Terminal Technology Conference, April 6-8, 2009 Houston, TX

Items (a) and (b) under communications were for Board's information.

## VI. REPORTS

- a. **Insurance Reports:** February 2009 insurance report was provided for Board's information.
- b. **Operations Productivity Report:** Mr. John B. Santos, Operations Manager presented the February 2009 operations report and briefly reported the following:
  - Domestic Vessel Recap - Horizon and Matson combined totaled 4,517 container lifts. Horizon had a total of four vessel calls averaging 18.6 gmph versus Matson with four vessel calls averaging 20.4 gmph.
  - Inbound (Discharged) Containers – Horizon at 995 containers for February; and 1,090 for Matson same period.
  - Container Count Comparison – Operations moved a combined total of 7,019 containers lifts versus last year same period at a total of 8,199 container lifts.
  - Import Local and Military Containers (TEU's) – Both Matson and Horizon imported a combined total of 3,208.1 TEU's for local and 1,069.4 TEU's for the military.
  - Mobile Harbor Crane Log – Under regular maintenance repair. The MHC have been scheduled for breakbulk operational activities which is scheduled for April 14, 2009.

The Chairman took notice of the productivity report which incorporated container breakdown (inbound/outbound) of each carrier for comparison and tracking purposes that also includes actual shifts (gang) of gross moves per hour.

Mr. Santos mentioned a performance testing on the POLA Cranes will be conducted this coming Sunday and Monday. He said management and the carriers are working alongside to ensure impact to vessel operations is minimal.

### **Committee Reports:**

- a. **Finance Committee:** The financial report for the month of February 2009 was provided to the Board for information. The following items were addressed.

- Current Month Revenue: The Chairman noted a minor correction which should reflect "...which is 15% lower than the... and 27% lower than budget".

- Year-to-Date Revenue: The Chairman asked where the non-cargo operating revenue of \$2.2M stems from. Mr. Guevara said from the adjusted rates implemented; lease increases; new contract with Shell; and the GEDA leases through an MOU which is being booked at 100%.

- Expenses: The Chairman recalled that management was to propose ideas on reducing utility consumption. The General Manager said a committee has been formed for this purpose. A schedule is in place to shut down main administration central aircon unit which is the most significant utility consumption.

- Contractual/Operational Supplies: The Vice Chairperson asked whether the expenses of Matson MOA/MOU was within the budgeted plan. Mr. Guevara mentioned it is in excess of the plan. The Vice Chairperson understands those kinds of expenses were for acquisition of large high value parts, and it has been known the POLA cranes were on its way to the Port already for awhile. She said the issue is, management staff that were charged for the maintenance of Gantry 3 evidently went over the budget and now the Port is obligated to pay the overage. She mentioned a plan had already been established which should have taken into consideration these types of expenses that are to be incurred. The Deputy General Manager said there are quality control measures in place which screens through the invoices of the Matson MOU expenses which quite a few have been disputed. The General Manager added that the budget was designed with the POLA cranes in operation by January 2009, so there is a few months delay. He mentioned that when the POLA cranes are operational there will be a reduction in maintenance costs. The Vice Chairperson pointed out that she does not recall any discussion or authorization granted to management to go in excess of the budget for this purpose. She appreciates the operating dilemma on how to keep the port operational, but posed the question that as a matter of process where did the Port lose control over these expenses. The General Manager said requisitions and acquisitions of gantry crane parts to keep the cranes operational go through the appropriate process for approval. The Vice Chairperson reiterated that the budget modification is by way of authorization of the Board, and the Board did not grant any modification to the budget since it was first approved. Mr. Camacho recalled that management was directed by the Board that if there are any above budget spending that it had to be approved by the Board. It appears that what's required is that management have mechanisms in place to understand where the spending is relative to budget and if it is expected that it will exceed budget on any particular invoice, it needs to be brought to the Board before hand for approval. Mr. Camacho said there needs to be a control in cost for the future benefit of the Port, which means that each department head has to be charged with the responsibility of bringing their departmental cost under control. The Port is not going to make progress if these are the kinds of financial results that are being made.

Mr. Camacho said the Finance committee agreed to not make a mid-term adjustment to the budget, but that there were certain things needed to be looked into to help improve the net income of the Port. He mentioned that the General Manager and Mr. Guevara have been tasked to come up with ideas on how to off-set losses.

Mr. Camacho said the Finance committee at its previous meeting recommended approval of the following:

1. Approve to increase the funds from \$25,000.00 to \$50,000.00 for Captain Hutapea & Associates appraisal consultant services for fuel storage facility recovery analysis. Motion made by Mr. Camacho and seconded by Mrs. Lacson. Motion was unanimously approved.

2. Approve for the Port to reimburse Shell Guam relative to F1 dock repairs at \$3,031.00 for construction management services. Motion made by Mr. Camacho, seconded by Mrs. Lacson and was unanimously approved.

3. Approve funding to improve Records Management at \$4,000.00 for purpose of procuring air-conditioners and preserving sensitive files. Motion made by Mr. Camacho, and seconded by the Vice Chairperson. Motion was unanimously approved.

4. Approve travel request for Mr. Jose B. Guevara to attend the 2009 AAPA Executive Management Conference in Tampa, Florida from May 4-8, 2009 at a cost of \$2,907.21. Motion made by Mr. Camacho, seconded by the Vice Chairperson and was unanimously approved.

5. Approve travel request for Mr. Herman T. Paulino to attend the Brown Treesnake Technical Working Group Meeting in Saipan, CNMI at a cost of \$1,111.36. Motion made by Mr. Camacho and seconded by Mrs. Lacson. Motion was unanimously approved.

The Chairman followed up with management on the accounts receivables, emphasizing the need to resolve those accounts accordingly. Mr. Camacho said that such matter has already been discussed with management at the Finance committee meeting as well.

b. **Maintenance/Equipment Committee:** None.

As the Vice Chairperson had to attend other engagements, and for purposes of her reporting, there were no objections to entertain Item e. Procurement Advisory Committee at this time.

d. **Procurement Advisory Committee:** The Vice Chairperson said the committee met on March 10, 2009 and for several months interactions have been made with the management committee concerning proceedings relating to the RFI, organizing the RFI conference and looking at some of the questions raised by various private companies relating to the contract. First of all, she mentioned that even before the RFI, the advisory committee felt that, given the expectations of this contract, the objectives, tight timelines, there is a need for outside help with this contract. The concerns were based on certain aspects of the process and how that would take course and the complexity of forging a good contract that would really generate the benefits that is hoped to gain from this. The Vice Chairperson said questions posed from the respondents include: eligibility of foreign corporation to participate on the RFP; the

developmental direction set in the master plan; flexibility on manpower support for the PMC contract performance; taxes and licensing; flexibility on how to meet the Port's expectation for the \$25M capital contribution requirement; enabling legislation as a subpart to the public-private partnership of law (Public Law 27-60) which still remains in place. Considering this and the timelines, the complex nature of the expectations to set for this contract, the advisory committee recommends issuing a Request for Proposal for professional consultant services to help manage the mechanics of this process through full course to full ratification of a contract.

Mr. Camacho asked whether there is a cost associated with this type of consultant services. The Chairman said preliminary discussions have taken place with the General Manager and OEA official in seeking potential funding sources as this is part of obtaining professional support in getting the Port across the line in accomplishing the PMC. He said as the General Manager is traveling to Hawaii to attend the DOI Island Business Opportunities on April 6-8, 2009 funded by OEA, further discussions will take place on this issue. The Vice Chairperson clarified with the Chairman whether the Port is to seek federal funding from OEA to support this PMC contract. The Chairman replied positively, as this is part of the scope of what OEA is able to do for this particular project is to continue to get additional funding sources.

The Vice Chairperson made motion for management to issue a Request for Proposal for a professional consultant services relative to the development of a request for proposal for the public-private partnership through a performance management contract. Motion was seconded by Mrs. Lacson and was unanimously approved.

(Relative to the conference held in Hawaii for the DOI Island Business Opportunities on April 6-8, 2009 and as travel accommodations are being funded by OEA, the members had no objections for the General Manager to attend.)

*At this time, the Vice Chairperson was excused from the meeting at 3:30 p.m.*

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

1. Board Policy Memorandum No. 09-04 - Performance Evaluation for the Deputy General Manager – As directed by the Board, the performance evaluation for the Deputy General Manager position presented has been revised to reflect that the reviewer be that of the General Manager. The Board members did not object to this change.

2. Position Classification, Compensation & Benefits Study Update – On January 15, 2009, Mr. Alan Searle, consultant submitted a letter requesting for an extension to the contract from January 31, 2009 to April 30, 2009 in order to complete the remaining stage of the project which includes training and implementation of the new performance management system. Mrs. Lacson mentioned that this does not require additional funding, but rather the remaining balance will be equally distributed within the three month period.

Mrs. Lacson made motion to approve the request to extend the contract of Alan Searle & Association, consultant for the compensation and benefits study from January 31, 2009 to April 30, 2009, seconded by Mr. Camacho. Motion was unanimously approved.

3. Proposed Personnel Rules and Regulations-Maritime Positions Unique to the Port Operations and Certified, Technical and Professional Positions – Management held a public hearing on February 9, 2009. Deadline to submit written testimony was March 11, 2009. No oppositions were made on the proposed personnel rules and regulations. It is therefore being requested that the Board adopt the proposed personnel rules and regulation to be transmitted to the Governor and Legislature in accordance with the Administrative Adjudication Act process.

The Chairman asked whether another public hearing is required. Mrs. Vivian C. Leon, Corporate Services Manager mentioned that pursuant to Public Law 29-24 of the maritime positions, only one public hearing is required, thereafter is transmitted to the Governor and Legislature. She said the rules and regulations have been available to the port employees since January 26, 2009 and were also made aware that the deadline to submit written testimony was on March 11. She said the Legislature will also hold a hearing on the rules which presents another opportunity for the port employees to make comments should they choose to.

The Chairman asked whether changes were made to the proposed rules and regulations from its initial version. Mrs. Leon replied positively, and said amendments were made to reflect recent legislative enactments covering the Family Medical Leave Act; USERRA and Military Leave.

Mrs. Lacson made motion to approve Board Resolution No. 09-03 relative to the adoption of the personnel rules and regulations for Maritime Positions Unique to Port Operations and Certified, Technical and Professional Positions. Motion seconded by Mr. Camacho and was unanimously approved.

On a related matter, the Chairman asked that the HR committee look into filling the Supply Management Administrator position. The committee is to review the pay scale of other government agencies that commensurate with such position of the Port. The idea is to attract and compensate that position accordingly and filled with the most qualified individual. It is important for the Port to obtain its procurement delegation of authority back in order to acquire supplies and materials needed for the respective divisions to do their work without delay.

In line with that and without objections, the General Manager suggested that on an interim basis, management be authorized to utilize GHURA's Procurement Manager to be funded through the OEA.

Mrs. Lacson made motion to authorize management to explore the possibility of obtaining procurement assistance from other government agencies on an interim basis to be funded through the Office of Economic Adjustment (OEA) grant, seconded by Mr. Camacho. Motion was unanimously approved.



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

1. **Proposed Increases-Lease Rates for Office, Warehouse & Open Space** – Proposed legislation on the rates, now Bill No. 78, is to be placed on first reading file to be presented to the legislative body as a whole. Such bill was introduced by Oversight Chairman, Thomas C. Ada which had held a public hearing on March 23, 2009.

2. **Common Area Fee** – Board Policy Memorandum No. 2009-06 is presented before the Board for approval. The Board had approved the common area fee back in March 27, 2008. It is now being presented in policy form to take effect March 27, 2009.

3. **New Lease Requests**

a. **Tomson LLC Guam** – Applied on February 18, 2009 for one acre area to operate a rubber tire recycling and sludge composting. Still under review by management.

b. **Watts Contractors** – Applied on March 4, 2009 for 300'x150' space lease for purposes of pre-load staging area for outgoing construction materials. Location is Hotel Wharf or like facility with a rate of \$16,650.00 per month.

4. **Smithbridge** – Meeting held with Smithbridge representative. At issue is varying property area assessment. Further meetings will be held to resolve issue and render payment.

5. **SHAW Group** – Shaw Group is on a month-to-month lease executed on March 17, 2009 for Warehouse 1, Bays 9 & 10. Rental at \$4,482.00 per month for six months.

On item 2 of this report, Mr. Camacho made motion to adopt Board Policy Memorandum No. 2009-06 for a newly established Common Area Maintenance Fee at a rate of \$0.64 per square foot to take effect March 27, 2009, seconded by Mrs. Lacson. Motion was unanimously approved.

## VII. OLD BUSINESS

a. **Board Policy No. 09-04 - Performance Evaluation for Deputy General Manager:** (Item addressed under HR committee.)

b. **Compensation and Benefits Study:**

1. Extension Request – Contract (First) Amendment
2. Proposed Legislation – Personnel Rules and Regulations
3. Adoption of Personnel Rules and Regulations for Maritime Positions Unique to Port Operations and Certified, Professional & Technical Positions.

(Item b under old business addressed under HR committee.)

c. **Mobil – Easement Agreement; Third Amendment to Management Agreement:** The General Manager provided an update indicating that Mobil has began purchasing the pipelines. At its previous meeting, the Board had approved management to proceed with the Third Amendment with Mobil which allowed Mobil to proceed with the pipelines. Additionally, the contract has been signed by Port Board Chairman and Counsel, pending signature from Mobil officials. He said this is being presented for Board ratification and had indicated that none of the terms has changed.

The Chairman recalled that at a previous meeting, the Board approved management to proceed with finalizing the agreements with Mobil subject to the buy-back provision be based on 'net book value'; therefore, Board ratification is not necessary.

## VIII. NEW BUSINESS

a. **Donate to PAGGMA Association: Settled Claim/Damage Cargo-Furnishings:** The General Manager said back in September 2002 an accident occurred causing damage to cargos. This claim has since been settled and consignee rejected collection of such items. It was discovered that these items still remain in port warehouse. As such, it is therefore being requested that the cargo be donated to PAGGMA Association, a non-profit organization for their disposition.

Mrs. Lacson made motion to authorize management to proceed to dispense the settled claim of damaged/unclaimed cargo (furnishings) of Horizon Lines to PAGGMA Association. Motion was seconded by Mr. Camacho and was unanimously approved.

The Chairman advised the Operations Manager to identify any other damaged or unclaimed cargo, merchandise on port compound.

b. **USDA Pre-Application for \$50M @ 2% interest & 40 years:** As mentioned earlier in the General Manager's report, this item is to reflect Pre-Application for \$50M @ 4.5% interest up to 40 years. Mr. Camacho made motion to authorize management to proceed with the pre-application process with USDA loan of \$50M @ 4.5% interest up to 40 years, seconded by Mrs. Lacson. Motion was unanimously approved.

c. **Consultant for RFP Package for PMC:** (Item addressed under Procurement Advisory committee.)

## IX. PUBLIC COMMENT

a. **Port Users Group Comment:** None.

b. **General Public Comment:** None.

c. **Employee Comment:**

Mr. Ken Quintanilla - *"On behalf of the port strong PAGGMA softball team co-ed, we wanted to acknowledge our Deputy General Manager for strongly supporting us. It's been years that we've been out there as a group and participating in community sports. And to get us to go out there and promoting us as a strong... – We would like to present this to you Mr. Cruz as a token of our appreciation (handed the trophy to the Deputy General Manager). For all the other management that supported us, we will be addressing you guys individually again. But like I said, we haven't had management come out and support us as much as Kin. But we had management that are coming out."*

Ms. Frances Arriola - *"This is news that I'd like to have clarified – that our Deputy General Manager is volunteering to resign as our deputy. And I'd like you to tell me face to face in front of everybody if it is voluntary – in front of God and everybody here. Chairman responded: "That we will address, again that's a personnel issue that we're going to address that in the executive session. So, we'll discuss that accordingly. Again in fairness, the issue, that will be addressed in executive session. Then after executive session, then you comment on it."*

Ms. Frances Arriola – *"If it is voluntary, then I respect it. If it's not voluntary, then I'd like to say what I have to say at this point in time. So just keep in mind, I don't know whether it's voluntary or not because it hasn't been addressed yet, but I'm going to tell you how I feel if it is involuntary. First of all, you were here several years ago. Several years ago we were in a situation and we ended up having to go to, if you remember correctly, we ended up having to go to Seaman's – same situation, same situation – they were taken away from us and now, mind you, if its involuntary – same situation again today. I can't understand, I'm hearing that the reasons it might be involuntary because of performance wise. If you go through the chain of command – the Deputy has a boss above him, the GM has a boss above him, you have a boss above you – so if there's a problem when it comes to performance, then there's somebody in between that – between the Deputy as well as you. There's somebody that's in between that their performance is an issue. So if it is an issue on performance – then there's a gap there, that needs to also be clarified. And another issue that I want to ask you is – at a time like this, with the military buildup, the compensation study, all the different things that are going to come into play, you're asking, if it is involuntary, for Kin to resign. Out of all the people in this Port – he is the one that knows the tariff in and out. You mentioned Mr. Camacho that since 1993 was the last time we made adjustments to the tariff. Mr. Cruz's father retired here at the Port. He retired here at the Port. And who knows who else might retire within his family at the Port. So you tell me, who would know the tariff more than him. He can tell you inside and out, blind folded. He can tell you what, if you asked him a question, he can tell you where to go, what chapter, what, how it came about, how the rates were changed, how this and that. In fact, I believe when he came on board, some things were found as far as tracking on tariff issues. So all I'm saying okay, if it is involuntary, there's a lot of people that are going to be very disappointed – a lot of people. I don't know you guys as a Board – you guys come and go. I've been here 20 years. I've seen Board members come and go. Managers come and go. I have not known anybody as dedicated as Mr. Cruz. I know where his heart is. You guys – your heart is – yeah some of its here – but not wholeheartedly because you have other businesses to run – you have other concerns to run, to think about. But I know where his heart is. I know where it's been, I know*

*where his family's heart has been – I know where a lot of these employees heart has been. We grow here at the Port – not you guys – you guys don't grow here at the Port – WE DO. We make the Port. The employees make the Port. And then you guys talk about the gantries – I'll tell you – our maintenance division – those gantries out there - they have outlived its lifespan and if it wasn't for the maintenance division people – those gantries would be nothing. It has gone through inspection after inspection after inspection – and its all due to our people – Our Port Employee People. Our Port Strong People! I had to pray about me coming to approach you guys – And I had to find it in my heart to hold back some tears. And let me tell you – Our Employees Are Strong People – WE'RE FAMILY! You're part of our family right now, but you'll be gone in two years maybe, I don't know. But we're still going to be staying behind here and that's what holds us together as a family because we believe in each other. And we'll continue to believe in each other because we're 'Port Strong'. So I don't know what your agenda may be in the coming months or years, but I hope and I pray that when you sleep at night – you sleep good. Because I sleep good and I'll sleep good tonight. Thank you for hearing me.”*

*Ms. Frances Aguon – “First of all, Mr. Chairman, the Board of Directors – Thank you for allowing me the opportunity to speak publicly. If it is true, like Ms. Arriola mentioned – If it is true that our Deputy General Manager will be, if he is so called volunteering to resign from the Port Authority of Guam – This message is for you. Before I do read, we received this email from yesterday, letting us know what's happening today.”*

MESSAGE: *“I'm sure that I speak for many, if not all the employees that work here. We want to thank you for truly being a public servant to us and to the customers of the Port Authority. From the beginning of your appointment as the Deputy General Manager, you made it your mission to always look out for the best interest of the employees and the Port as a whole. We are here to tell you that all the employees saw this in your performance as a Deputy General Manager. You've done your job and we're very proud of you sir. You stood up for us and every time that you do – we knew, thank you – we all thank you. If this is so much true, that you were asked by the Board or voluntarily decide to resign – it comes to a shock to us for whatever reason. It's just like a thief that comes in the night and robs your home when you least expect it to happen. That's how it feels for all of us and we do know how politics works. So you being the honorable man that you are and the obedient subordinate that you are – you've agreed to this even though in your heart you know you don't want to leave. But sir, take pride in knowing that you served this agency with dignity and that you know you have 300 plus employees who support you and love you. You are truly one of us and as a port family member. Thank you. Thank you.”*

*Mr. Herman Paulino – I was actually really shocked when I heard about this stuff. I thought we were working toward improving the Port, now we're talking about trying to set it back. When Kin Cruz came in here he kind of calm the tide. This place...you saw how strong the port employees were then. The port employees are in operations right now and they can't all always be out here. There were some things that were asked of the port employees back then and I'm not sure what the status is. The four things: Public Law 27-60, private-public privatization - There's no economic study done. I'm not sure what the status is of that is. The major obstacles in repairing the cargo handling equipment in a timely manner was the procurement process – we still have that obstacle. Over the years the government has raided*

*Port's coffers to supplement the funding of operational expenses – that's still there. Thank god, I mean, this Governor though has not seem fit to raid Port coffers, maybe with all the pressures on and stood firm by not doing so. The other part is to allow the Port to enter into a public-private partnership - basically the PMC process. So far, all this Board things that the Chairman said he was cognizant about the letter that was written back in March 23, 2006. The only thing we've seen be moved forward on is number 4 – PMC. We haven't done anything about the economic study – my solution to this is to find a way to repeal Public Law 27-60 and just use the PMC mechanism because as long as you have the privatization law in place – its sending mixed signals. So my question would be, I guess it also says the Board's...this is not the final resolution; the end product will be forwarded to the Legislature, the Governor and Attorney General's office for consideration. So the Board hasn't moved on that, so that would be my suggestion is to work on that – Public Law 27-60 be repealed so that way it's not problematic. But right now as it stands, if Kin Cruz is being forced out – then that's going to be a problem of the Port – I don't know the manner, but this guy has grown with the Port. He's taught me and the Port is family. Thank you."*

*Mr. Glenn Nelson – "Mr. Cruz is deserving the best support from all levels. I too was shocked. Couple days ago we found out that this has taken place. As staff you try to think back as to possible reasons. And one of the major tasking that was asked of Mr. Cruz was the PMC project. What must be noted, its very important, is that that PMC, Bill 165 that resulted in Public Law 29-23 - is a result of Mr. Cruz's efforts because there existed problems back then, those problems still exist today. And it's the very same legislation, it's his efforts to address that same problem that existed then that seems to be coming back to haunt him now. And I don't think its fair – it's a very challenging project. The original intent of the bill, in my personal opinion, ....cargo handling maintenance alone would have resulted in that. It would have been... product. Chances are the marinas could've been done simultaneously or soon thereafter, but when you add the actual cargo operation – it becomes a mess. I mean, within public law, section 10104 – notwithstanding any other law, and then you come in with privatization law – there's potential for conflict. But Mr. Cruz did his best based on the Board directive. Another thing that must be noted, is that since the departure of Joe Mesa and Shintaku – we've had four General Managers. And Mr. LG came in, exciting times, we're running, we're excited, but sir when you report to work tomorrow, you will be the longest serving GM since the departure of Joe Mesa. Mr. Cruz was here since those trouble times and much of the credit that the Port had experience within those period must be attributed to Mr. Cruz's efforts. And in addition to that much of the failures in any organization goes through it. But here at the Port – Port Strong – Mr. Cruz – Port First. That's it. Thank you."*

*Mr. Felix Pangelinan – "I've know Kin all my life because he's family to me besides Port Family. Nobody knows the Port better than Kin. I've sat on tariff committee's with him. If you guys are looking for money and ways out – he can find it, we've done it before. He's the reason why we got that increase in the tariff in 1993. I was with him on that committee. So, I urge you to reconsider – you're letting a good thing go. That's it."*

Mr. Tony Aguon – “We all were just wondering, like they say everybody’s shock, I’m shocked. A couple of months ago, we had a meeting in here and I asked a question – you want us to be stable employees and you want us to give and to give – but why is it, our leadership, the top two, like he said – Mr. Leon Guerrero is the longest sitting tomorrow. But then you still want more from us. And then, you guys know us by numbers and dollar signs and projections and all these stuff, Kin knows us all personally. Don’t you guys think that he is your hand to us - the employees out in the yard and the employees upstairs that do everything. But you guys only know me by numbers – You don’t even know me! Kin knows every one of us by first name basis. Don’t you think he’s the control that why there wasn’t an eruption here several months ago. So what Mr. Pangelinan just said – You guys are losing a good thing here. Lets have some stability upstairs, so maybe down here where were at – he’s the power that’s running the show here brother man – Not your numbers there! You need the connection between you people and these people back here who do everything. And maybe you guys should sit down and think hard that he’s probably the connection – And you’re going to lose it. We need stability upstairs.”

DGM – “I just like to say thank you to everybody who came up here and spoke on my behalf – I really appreciate it. And I guess we’ll let you know after the executive session, what’s going to happen. That’s part of the process and we have to follow that process, so we want to do it right. So, thank you very much everybody for everything.”

## X. EXECUTIVE SESSION

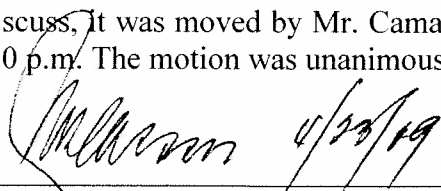
At this time, the members went into executive session at 4:20 p.m.

**Note for Record:** 45 minutes of the Executive Session proceedings were not recorded. Reasons Unknown. Cassette Tape (Executive Session) - Side A ended at 5:05 p.m. – Executive Session ended at 5:50 p.m. The Board members resumed back into regular session.

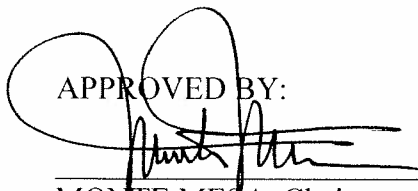
Items discussed in executive session was Personnel Matters: Deputy General Manager.

## 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 5:50 p.m. The motion was unanimously passed.

  
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MARILOU LACSON, Board Secretary, Board of Directors

APPROVED BY:

  
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MONTE MESA, Chairman, Board of Directors

