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Governor of Guam

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Lieutenant Governor

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MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, April 29, 2010

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, April 29, 2010. Present at the meeting were:

Monte Mesa, Chairman
Jovyna Lujan, Vice Chairperson
Marilou Lacson, Board Secretary
Joseph Camacho, Member
William Beery, Member
Enrique Agustin, General Manager
Vivian C. Leon, Deputy General Manager, *Interim*
Atty. Rebecca Santo Tomas, Co-Counsel

Also present were Jimmy Camacho-Senator Tom Ada's office; AnnMarie Muna-AM Insurance; Shell-Glenn Leon Guerrero/Atty. Joyce Tang; Matson-Len Isotoff; PDN-Steve Limtiaco and Port Management staff.

II. APPROVAL OF MINUTES

a. **March 25, 2010:** Mrs. Lacson made a motion to approve the minutes of March 25, 2010 subject to correction. The motion was seconded by Mr. Beery and was unanimously passed.

III. CHAIRMANS REPORT

1. **MARAD Award PMT** – Was pleased to learn that the Maritime Administration awarded the Program Management Team to EA Engineering, Science & Technology, Inc. on April 23, 2010, Solicitation No. DTMA1R09007, Contract Award No. DTMA1D10002. Still undergoing contract formalities and is hopeful there are no challenges, as the transition of the PMT to the Owner's Agent/Engineer will commence thereafter.

2. **Performance Management Contract (PMC)** – Encouraged by the number of participations at the PMC pre-proposal conference on April 21, 2010. Deadline to submit proposals is on May 28, 2010.

3. Bill No. 355-30 (Long Term Lease) – Understands that the bill did not receive the support of the legislative caucus. Looking to submit another legislative proposal for their reconsideration in allowing the Port to enter into longer lease term contracts.

4. Office of Economic Adjustment (OEA) – Several meetings were held this week with Mr. Gary Kuwabara, Office of Economic Adjustment; OAE Consultants and Port Management on how to move the modernization projects forward. A meeting also was held this morning with Port Management, Attorney General's office and Governor's Legal Counsel addressing the Community Outreach & Consensus Building Program.

5. Softball League – Proud to announce that on the GHRA Softball League our port softball team will be contending for the championship tournament against GPA on Sunday, May 2, 2010 at 2:00 p.m. Also, in the DPR Softball League the port team won its second game.

IV. GENERAL MANAGERS REPORT

1. PAG Funding – Looking forward to the \$50M in Department of Defense transfer of funds to the Department of Transportation Maritime Administration. If all goes well, these funds will be placed into the Port of Guam Improvement Enterprise Fund for our port modernization efforts.

2. Port Modernization–OAE: Terminal Development Plan - March 31st OAE presented the Port with the 15% design of the terminal development plan. OAE is scheduled to present the 30% design in June 2010.

3. PMT–EA Engineering, Science & Technology – An introductory meeting has been scheduled for next week with the PMT-EA local representatives.

4. Marina Sunken Boats – Proud to announce that the sunken boats in the Hagatna and Agat marinas have been removed. An open forum with Marina Users Group is slated for May 5, 2010 to provide them with status updates on marina improvements as well as hear concerns they may have.

5. Dignitaries Visit Port - Will be meeting with the Assistant Secretary of Defense Wallace Gregson, Asian and Pacific Security Affairs as well as Major General James Hodge, Commanding General of the Military Surface Deployment and Distribution Command. A presentation and port tour will be conducted.

6. Port Users Group – A scheduled meeting with Port Users Group is slated tomorrow to address concerns on the terminal mode of operations.

7. Knik Construction – Company has expressed interest in leasing port properties for staging of aggregates and asphalt materials. Commercial staff will work with Knik Construction on the details.

Mr. Camacho mentioned that as the PMT has been awarded its important that a meeting be held with the Port, Maritime Administration, PMT and OAE to address issues of protocol and rules of engagement. Management was advised to make the arrangements.

Without objections, the members entertained items under Committee Reports.

a. **Finance Committee**: The financial report for the month of March 2010 was for Board's information. Mr. Jose B. Guevara, Financial Affairs Controller informed the members that the Public Utilities Commission at its PUC meeting this evening will entertain Port Docket 09-01 PAG Procurement for Tariff/Rate Consultant – Request for Ratification of PUC Chairman's Order; Port Docket 09-02 Port Submission of the Policy for Implementation of Facility Maintenance Fees.

Mr. Camacho made motion to approve the Facility Maintenance Policy as amended from a rate charge by bill of lading to a rate charge by container and by revenue tonnage for non-containerized and breakbulk cargoes. Charges include: \$25.00 for each loaded inbound, outbound and inbound transshipment container; and \$1.35 for breakbulk cargoes. Motion was seconded by Mr. Beery and was unanimously approved.

Relative to this, Mr. Camacho made motion to approve that funds collected from the Facility Maintenance Fee be separated from Port funds in a lockbox type account which will help fund the annual capital replacement and facility maintenance needs identified in the Financial Feasibility Study, seconded by the Vice Chairperson. Motion was unanimously approved.

Mr. Camacho said the Finance committee met on April 14, 2010 and recommended the following actions.

1. Cargo Forecast - Mr. Camacho made motion to approve and authorize PB Americas, consultant to Port Authority as the Owner's Agent/Engineer, to use the updated cargo forecast to determine whether there is any significant impact to the Port's financial conclusions as a result in the change in projected cargo volumes, subject to obtaining a reasonable price quotation from PB Americas. Motion was seconded by the Vice Chairperson and was unanimously approved.

2. Federal Funding Summary – Presented a funding summary of federal sources for the port modernization which lists each OAE task order, federal funding source amount from OEA, OIA, FHWA. Mr. Guevara will update this report for the Board moving forward.

3. Insurance Brokerage Services – Mr. Camacho made motion to authorize management to issue request for proposal for Insurance Brokerage Services on a retainer fee basis; and approve the additional premium amount of \$5,124.00 for the additional assets acquired on the cargo handling equipments, seconded by the Vice Chairperson. Motion was unanimously approved.

4. Travel Request – Mr. Camacho made motion to approve travel request for the Financial Affairs Controller to attend the AAPA Harbors, Navigation, Environment Seminar & GreenPort Americas 2010 on May 4-6, 2010 at Charleston, South Carolina as part of the AAPA Professional Port Manager (PPM) Certification Program at \$3,289.66. Motion was seconded by the Vice Chairperson and was unanimously approved.

5. Procure Legal Services – Mr. Camacho made motion to authorize management to procure legal services of up to \$15,000.00 for an outside attorney to represent the Port in the negotiations with SPPC on the lease agreement for Lot 2, Pumphouse and Pipeline due to conflict of Port's legal counsel, seconded by the Vice Chairperson. Motion was unanimously approved.

6. International Association of Ports and Harbors – Mr. Camacho made motion to approve for management to purchase annual membership of the International Association of Ports and Harbors (IAPH) at \$3,198.00 on a trial basis and determine whether this membership is beneficial to the Port. Motion was seconded by the Vice Chairperson and was unanimously approved.

7. MOU-Knowledge Well (Port 3D Intelligent Visualization Project) – Mr. Camacho mentioned that the Finance committee recommended no action on this item at this time until cost implications are understood more fully and ensure proper procurement procedures are adhered to and complied with.

8. Engine Diagnostic Equipment – Mr. Camacho made motion to authorize management to purchase an Engine Diagnostic Equipment in the amount of \$6,700.00 that will assist in identifying necessary repairs needed for port tractors, seconded by Mr. Beery. Motion was unanimously approved.

9. Kawasaki Utility Mule – Mr. Camacho made motion to authorize management to purchase a 2009 Kawasaki Utility Mule at \$15,905.00 for Port Police Division to be used during passenger vessel operations, wharf, beach areas and other areas as needed, using the funds collected from the security surcharge mandated by Public Law 30-19. Motion was seconded by the Vice Chairperson and was unanimously approved.

10. Office Renovation – Mr. Camacho made motion to authorize management to proceed with the renovation of the Procurement & Supply Manager's office in the amount of \$1,200.00, seconded by the Vice Chairperson. Motion was unanimously approved.

11. Mobile Harbor Crane – Mr. Camacho made motion to authorize management to purchase a wire rope for the mobile harbor crane at \$68,783.48 as the replacement is recommended by the manufacturer due to age and usage, seconded by Mrs. Lacson. Motion was unanimously approved.

12. Container Yard Area 'X' – Mr. Camacho made motion to authorize management to repair the container yard Area 'X' pavement at \$20,000.00, seconded by Mr. Beery. Motion was unanimously approved.

The Chairman asked that the aging accounts receivables report be submitted as part of the financial report in future Board meetings.

c. **Human Resources Committee**: Mrs. Lacson presented the following:

1. **Pay Grade Reassignments and Amendment to Job Specification** – As directed at previous meetings, the HR committee presented the methodology of the pay grade reassignments and background information to the Chairman on the pay grade reassignments affecting the positions of Administrative Aide, Buyer I, Buyer II and Facilities Maintenance Superintendent.

The Chairman asked what the financial impact is if implemented. As the numbers were not available at this time, the Chairman asked the Finance committee to look into this matter to be presented at the next board meeting. Mrs. Lacson stated the information will be presented to the Finance committee on the differences of pay adjustments for the incumbents, as well as, the effective date of such adjustments will be determined at the next Board meeting.

2. **AAPA 2010 Education and Training Program** – Request is being made to authorize travel for the Commercial Manager to attend the following:

- i. Harbors, Navigation, Environment Seminar and GreenPort Americas, Charleston, South Carolina, May 4-6, 2010.
- ii. Executive Management Conference, Napa, California, May 17-21, 2010

Mrs. Lacson said the travel amount on the first trip is \$4K. Mr. Camacho asked why the disparity compared to the travel cost of the Financial Affairs Controller at \$3,289.66. Mrs. Francine T. Rocio, Personnel Services Administrator said in the case of Mr. Guevara, he has already been accepted in the curriculum as a student of the AAPA Professional Port Manager (PPM) Certification Program and was afforded a discounted registration rate and had purchased a restricted airfare ticket early in advance. The Commercial Manager is not a student at this time and the airfare arrangement was made unrestricted, a more expensive rate. She apologized and had requested for the Board to allow her time to provide the cost involved for the request. There were no objections.

At this time, the members moved to dispense other items on the agenda.

V. REPORTS

b. **Insurance Report**: Ms. AnnMarie Muna, AM Insurance presented the following:

1. **Dock C Incident** - The Board had requested to research whether dock C incident at Hagatna marina is covered by insurance. She mentioned that depending on the nature of the damage the following applies: earthquake/typhoon - \$2.3M deductible; ship/boat impact - \$50K deductible; wear-and-tear is not a covered peril under the insurance policy. It is the Insurance

Adjuster's opinion that the incident is due to wear-and-tear based on the survey performed on the docks condition. She understands temporary repair work performed cost \$20K and said if there is additional information on the incident to substantiate an insurance claim that it be shared.

2. Insurance Coverage on POLA Cranes - It was asked whether there is Liability Coverage on the POLA cranes being that it is not a port asset. Confirmation has been received by London Underwriters that there is liability coverage as long as the operations are at the direction of the Port. Therefore, any bodily injury or property damage that may result is covered under this policy. As to the Business Interruption, if there are damages made to those cranes and the Port experiences loss of income, the policy has to be amended to reflect this condition. As such, London Underwriters agreed to indicate on the endorsement as follows: *Condition 1 (Direct Damage) of the Business Interruption extension is deleted in respect of three 50-foot container gantry cranes, the property of the Matson Navigation Company Inc. and Horizon Lines, LLC*, so that any damages to the POLA cranes are covered.

At this time, the members went back to address Committee Reports.

c. Human Resources Committee (cont.): Mrs. Lacson said \$4,968.56 is the cost for the Harbors, Navigation, Environment Seminar and GreenPort Americas. She mentioned that in addition to the difference in cost as mentioned earlier is also based on the processing of the Travel Authorization (TA) in that the Ticket Agent is not able to book the flight until the TA is approved. And by that time, the period of the discounted rates have lapsed, resulting in the purchase of airfare tickets at its regular price. The Executive Management Conference is at a cost of \$5,858.56.

Mrs. Lacson made motion to approve travel request for the Commercial Manager to attend the AAPA Harbors, Navigation, Environment Seminar & GreenPort Americas 2010 on May 4-6, 2010 at Charleston, South Carolina as part of the AAPA Professional Port Manager (PPM) Certification Program at \$4,968.56. Motion was seconded by Mr. Beery and was unanimously approved.

Mrs. Lacson made motion to approve travel request for the Commercial Manager to attend the AAPA Executive Management Conference on May 17-21, 2010 at Napa, California as part of the AAPA Professional Port Manager (PPM) Certification Program at \$5,858.56, seconded by Mr. Beery and was unanimously approved.

At this time of 6:30 p.m., Mrs. Lacson was excused from the meeting to attend a prior engagement.

Without objections, item b under Old Business was entertained.

VI. OLD BUSINESS

b. Shell / IP&E – Pipeline Easement Agreement and F-3 Lease: Mr. Glenn B. Nelson, Commercial Manager said after having been authorized by the Board to proceed negotiations with Shell / IP&E, the agreements is now being presented for approval. The

Chairman understands there may be changes made to the agreements. Legal Counsel replied positively, however, the substance is primarily the same. She yielded to Shell counsel, Atty. Joyce Tang to explain. Atty. Tang mentioned that the latest change is on exhibit D, Lease Agreement of F-3 Pier, consent to transfer to IP&E. She said changes made are not substantive in that initially there was a reference to the parties purchase agreement that is between Shell and IP&E. The changes made was to make sure nothing in the consent, lease agreement, GEDA easement would modify the parties duties, rights and obligations under the relevant purchase agreement, basically an issue of Shell and IP&E. It was agreed by both party counsels that the language in Section 5 of both consent to assignments, exhibits D & E to read as follows: *Notwithstanding anything to the contrary in the lease or this consent, nothing herein shall operate as an amendment or variation to or be construed such as to effect change or vary the rights and obligations of the parties to the Guam APA in any way as between the parties thereto, which rights and obligations shall continue to be governed and construed in accordance with the provisions in Guam APA.* Atty. Tang said this does not affect the Port; this change is simply to ensure that any of the agreements that are signed by IP&E and Shell does not vary the terms of their respective obligations in the purchase agreement. Legal Counsel said other changes made is the section on assignment which indicates that no assignment can occur without written consent of the Port, and on the lease agreement on paragraph 25 added into the lease reads that the lessee will be responsible for complying with any Port security procedures or federal security procedures that would apply. Sections had been deleted that had provisions on agreements to pay prevailing parties' attorneys' fees. She mentioned that the changes were made during negotiations with Shell counsel on these minor points, but not on the rent nor the term. The term is for 5 years with options of 3 initial terms for 5 years each is subject to legislative approval.

Mr. Camacho asked whether there is a market value modifier in the rent provisions. Legal Counsel said language provides that the rates in particular the easements are pursuant to the January 29, 2010 order of the Public Utilities Commission and there are also rent provisions that rates can be changed subject to Public Law 30-19 of the lease and other PUC rates or easement rates. With regard to the modifier for increase rents, Atty. Tang said there is a provision in the lease that indicates – fair market value x rent factor x 25%, depending on the contract. The fair market value is defined by which the parties can negotiate prior to the option to renew becomes effective.

Mr. Camacho made motion to authorize management to proceed in finalizing the lease agreements relative to Shell Guam, Inc. and IP&E Holdings, LLC as follows: Lease Agreement F-3 Pier, Consent to Assignment of Lease Agreement F-3 Pier (Exhibit D), Pipeline Easement Agreement (New GEDA Easement), and Consent to Assignment of Pipeline Easement Agreement (New GEDA Easement) (Exhibit E) as amended to include the changes discussed in today's meeting, seconded by Mr. Beery. Motion was unanimously approved.

Going back to items under Reports.

V. REPORTS (cont.)

d. **Property Leasing/Port Development Committee:** Mr. Nelson said the Property committee met on April 21, 2010 and had addressed numerous items; however, items requiring Board action are as follows:

1. Surveyor Services – This service is necessary to formally address the lack of lot parceling/numbering/plotting identification system at Department of Land Management other than those existing and resulting from prior Navy to Government of Guam transfers. Cost associated with this service is \$15K. Mr. Beery made motion to authorize management to move forward with the Surveyor Services at \$15,000.00, seconded by Mr. Camacho. Motion was unanimously approved.

2. Fuel Pier Throughput Rates – Recommend to request from the Port's Appraiser Consultant to update his November 2008 report to reflect present market conditions related to industry and market analysis for certain bunkering/fuel throughput and wharfage rate structures. Management was advised to obtain a price quotation for such services.

3. Staging of Assets-Boonie Yard Area – Mr. Beery asked the status of this area. Mr. Nelson said at present the Port is not charging the carriers for the staging of its assets at the area often referred to as the boonie yard which is a 5 acre property. What is being proposed is that the Port assesses a fee to the carriers for the use of any such portions. The Chairman mentioned that the area needs to be measured and identified in order to establish a lease agreement so that charges are assessed accordingly. Mr. Camacho said after determining the type of rate structure to assess, the mere use of such property should be assessed a fee and collect what the property is worth. Mr. Beery clarified whether the Port is collecting fees at this time. Mr. Nelson replied negatively. Mr. Camacho advised that fees should be collected if it is in use. The Deputy General Manager said management is currently working on this matter.

4. Lease Agreements – The Port now has six lease and easement agreements of which term is for an initial period of 5 years with option to renew for three 5 year periods. Being proposed is for the Board to allow management to proceed with the process required by law to approve the extended terms of the agreement which will go before the Legislature for review and consideration. Mr. Camacho asked for what term. Mr. Nelson said three 5 year options, totaling 20 years. All lease agreements has an initial term of 5 years. Mr. Camacho recalled that Bill 355-30 relative to long term leases provides language that the investment would have to meet a minimum threshold in order for the 20 year lease to take effect and asked whether all these lease agreements qualify. Mr. Nelson replied negatively, with the exception of Cementon Micronesia. He commented that most of these leases are longstanding agreements, but still require legislative approval beyond the initial 5 year term. Mr. Camacho cautioned that the proposed legislation provides language that any lease entered into with the Port up to 20 years had a minimum investment threshold, so the question that may be posed by the Legislature is what investment has been made by the Lessee which may be a dilemma. Mr. Beery commented that although a good point raised, Bill 355-30 did not gain the support in caucus which means the proposed legislation did not pass. He said this may be an opportunity to better improve the long term lease

language. Mr. Nelson reiterated that most of the existing leases are longstanding which have been executed longtime ago of which investments were done at that time. He understands that the intent of Bill 355-30 was to attract new investment to Port properties.

Mr. Nelson referred the members to Item 5 of the report and mentioned that Board approval is being requested for management to amend Section 1 of Cementon Micronesia's lease agreement to allow for similar terms of three 5 year options without first having the Port obtain legislative authorization during the term of its lease to execute leases for its property for terms exceeding five years.

Mr. Beery made motion to authorize management to amend Section 1 of the Cementon Micronesia Lease Agreement to read as follows: *TERM. The term of this lease shall be for a period of five (5) years, commencing on the 1st day of December 2009. Lessee shall have the option to extend the terms of this Lease for up to three additional terms of five years each, subject to legislative approval, if required and to the extent such extension does not violate applicable law and regulation. Lessee shall exercise each option by giving written notice to PAG within ninety (90) days prior to the expiration of the initial term or the term of the then current option period, as the case may be.* Motion was seconded by Mr. Camacho and was unanimously approved.

e. **Procurement Advisory Committee:** Mrs. Alma B. Javier, Procurement & Supply Manager presented the following items.

1. **Current Proposals - Solicitation Process**

i. Request for Proposal:

- Risk Management Services
- Construction & Management Services for Hagatna marina
- Concessionaire for Agat marina
- PMC for the Management of Cargo Terminal Operator and Maintenance of Cargo Handling Equipment
- Comprehensive Tariff Study

ii. Invitation for Bids – Construction:

- Design/Build for Hagatna marina Dock Repairs
- Hagatna marina Renovation and Site Improvements – Phase I (Relative to Sheet Pilings)

iii. Invitation for Bids through GSA:

- Purchase of Telescopic Spreader Bar

2. **Procurement Plan for FY2010–FY2013** – Worksheet as presented indicates upcoming competitive solicitation plans for FY2010 thru FY2013, based on expiring contracts and requirements. CIP projects programmed and approved has not been incorporated pending determination of the estimated issuance.

3. Procurement Delegation from GSA – Several discussions was made with the Chief Procurement Officer (CPO), General Services Agency regarding concerns of the Port's procurement process. A proposal will be presented to the CPO that modifies the procurement process to allow the port procurement staff to engage in hands-on procurement processing. The flow chart as presented highlights the existing procurement process with suggested modifications. An internal standard operating procedure will be prepared to reflect the proposed modifications.

4. Crane Acquisition-Public Law 30-100 – Management has established a Crane Strategy Team that has held several meetings and is still in progress.

5. Community Outreach Program - The Chief Procurement Officer had issued a memorandum dated April 23, 2010 to the Attorney General relative to Affirmation of Purchase Order No. P08P6A04628 – Community Outreach & Consensus Building Program. The memo indicates that procurement transaction is being ratified under 5 GCA, Section 5452 that provides for remedies after an award where there was no bad faith or fraud committed by either side and affirming the contract would be in the best interest of the territory. Mrs. Javier said after having met with the Attorney General this morning addressing this matter, Board approval is being requested to ratify and affirm that pursuant to such section and as beneficiaries of such services, that such procurement does not appear to have been done by fraud or in bad faith.

The Vice Chairperson made motion to ratify and affirm that pursuant to 5 GCA, Section 5452 Remedies After an Award, and as beneficiary of the services procured under Purchase Order No. P08P6A04628 – Community Outreach and Consensus Building Program that such procurement does not appear to have been done by fraud or in bad faith and that the services sought has been performed and received and that ratification of such procurement is in the best interest of the Port and the territory of Guam. Motion was seconded by Mr. Camacho and was unanimously approved.

b. Maintenance/Equipment Committee: Mr. Ernest G. Candoleta, Maintenance Manager mentioned that the mobile harbor crane is currently down and is working closely with the manufacturer to assist in the repairs. On the renovation of the mens and ladies restroom, it is 98% completed, pending the installation of light fixtures.

f. Building Facility Committee: Mr. Beery said there are two OAE task orders requiring Board approval. Task Order No. 19.2 on the tidal wetlands research at \$47,734.00 and Task Order No. 21.2 on the update of ESA Phase I at \$8,610.00. The Deputy General Manager said the tidal wetlands service is necessary to be performed before Department of Public Works begins their project work on Route 11. Services include wetland delineation survey and technical report; confirm tidal wetland designation in the shoreline area impacted by the proposed stormwater outfall, among others. This work is expected to occur in the expansion area where the mangrove patch wetland was discovered and along the shoreline fronting the Port. As to the update of ESA Phase I, she mentioned that services provides for a review of the port-provided shell oil report and related information; independent review of the hazardous waste facility operated by Unitek and scheduled to be demolished to install a new gate complex.

Mr. Beery made motion to approve Owner's Agent/Engineer Task Order No. 19 (Amendment No. 2) Tidal Wetlands Research, Surveys and Reports; and Task Order No. 21 (Amendment No. 2) Updated ESA Phase I Supplemental POL Support, seconded by Mr. Camacho. Motion was unanimously approved.

All other items under reports were for Board's information.

VI. OLD BUSINESS

a. **MARAD Program Management Team (PMT) Selection:** (Item addressed under the Chairman's report.)

c. **Cementon Micronesia:** (Item addressed under Property committee.)

d. **ANZ / USDA \$3.5M Loan:** The Vice Chairperson said there has been progress made on the contract template. The bid and award for this loan was issued in June 2007. There are historical developments that affected and impacted this matter that needs to take course relating to the use of those funds, more importantly as it relates to getting the USDA renewed commitment given some of the changes that took place. There were concerns expressed by counsel on the terms and conditions of the contract for the guaranteed loan which has been addressed, and is now before ANZ attorney for consideration. Once a contract is mutually agreed upon by both parties, the package will be forwarded to the Attorney General and Public Utilities Commission for review. There is a sense of urgency to this project in that the equipment that was intended to be procured, there has been delivery made on the part of the vendors and payouts from the Port's capital expenditure funds. The Vice Chairperson did not want to jeopardize the loan that is in place and wanted to secure those funds and replenish the capex funds the Port expended to repay vendors for delivered equipment. Mr. Camacho said upon clearance from the AG and PUC, what is the time period it would take to fund the loan. The Deputy General Manager said all parties are currently working together to expedite the contract process and looking to close the loan by the end of this fiscal year. The Vice Chairperson mentioned that the first priority is to complete the file on the contract which is currently under review by ANZ attorneys. Mr. Camacho commented that it's important to understand what the USDA deadline is on the loan, because they have to fund the loan by a certain date in order to not jeopardize the USDA guarantee, then the review of the AG and PUC needs to be completed within that timeframe. The Deputy General Manager recalled that the USDA conditional approval is for a term of five years.

The Vice Chairperson made motion to authorize management to proceed with the negotiations of the contract regarding ANZ loan and USDA loan process, seconded by Mr. Beery. Motion passed by a majority vote. Mr. Camacho recused himself from voting on the motion.

The Vice Chairperson made motion to ratify the purchase of the equipment using the USDA loan proceeds after it is consummated, seconded by Mr. Beery. Motion passed by a majority vote. Mr. Camacho abstained.

e. **Community Outreach Program:** (Item addressed under Procurement Advisory committee.)

f. **Pay Grade Reassignment: Building Maintenance Superintendent; Administrative Aid; Buyer I & II:** (Item addressed under HR committee.)

VII. NEW BUSINESS

1. **Port Hole Magazine Coop Advertisement:** The Chairman said as a result of participating in the cruise conference there was an opportunity to expose Guam in the Port Hole Magazine, introducing and reinforcing the opportunity to grow our cruise industry on island. Port Hole Magazine is one of the leading magazine in the cruise industry and has offered a two page editorial coverage in the July/August issue and as part of the coop advertising, it was asked that the Port run a full page paid advertisement at \$5,200.00 for a later date September/October or November/December which will be a shared cost between Guam Visitors Bureau and the Port. He understands that GVB at its Board meeting already approved this advertisement arrangement. Mrs. Javier said the Port has received the proposal from Port Hole Magazine regarding the advertisement which is being processed through GSA in the half amount of \$2,600.00 with the understanding that GVB will pay the remaining cost. Once a purchase order is received from GSA, a commitment agreement will be made with Port Hole Magazine. Mrs. Bernadette S. Meno, Marketing Administrator recommended that because Port does not have a design contract firm and with the Marketing department's lack of funding that GVB as destination marketing, take lead and control since this is within their expertise, destination specific. The Chairman said the main point is that the Port is part of this project and has provided information on the port in promoting the cruise opportunity.

The Vice Chairperson made motion to authorize management to move forward with the procurement process for the Port Hole Magazine Coop Advertisement, seconded by Mr. Beery. Motion was unanimously approved.

2. **Travel Authorization Request:** (Item addressed under Finance & HR committee.)

3. **Trip Report: Terminal Yard Tractors; ICTSI visit; Zebra and TOC Asia Conference 2010:** For Board's information.

VIII. PUBLIC COMMENT

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

IX. EXECUTIVE SESSION

RECESSED: Meeting recessed at 7:20 p.m.

RECONVENED: The meeting reconvened at 7:25 p.m.

At this time, the Board went into executive session. Executive Session ended at 8:30 p.m. The Board is now back in regular meeting session. Items addressed in executive session include Watts Constructors Civil Case No. CV10-00002; Guam YTK and GFT Collective Bargaining Unit.

1. Watts Constructors Civil Case No. CV10-00002 – The Vice Chairperson made motion to authorize Legal Counsel to proceed with the Watts Constructors litigation (CV No. 10-00002) as directed in the executive session, seconded by Mr. Beery. Motion was unanimously approved.

2. Guam YTK – The Vice Chairperson made motion to authorize Legal Counsel to proceed with the Guam YTK litigation as directed in the executive session, seconded by Mr. Beery. Motion was unanimously approved.

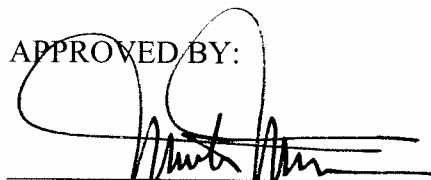
X. ADJOURNMENT

There being no further business to discuss, it was moved by the Vice Chairperson and seconded by Mr. Camacho to adjourn the meeting at 8:35 p.m. The motion was unanimously passed.



MARILOU LACSON, Board Secretary, Board of Directors

APPROVED BY:



MONTE MESA, Chairman, Board of Directors

* AMENDED AS NOTED w/ CHANGES.

