



Eddie Baza Calvo
Governor of Guam

PORT AUTHORITY OF GUAM
ATURIDAT I PUETTON GUAHAN
Jose D. Leon Guerrero Commercial Port
1026 Cabras Highway, Suite 201, Piti, Guam 96925
Telephone: (671) 477-5931/35 * Facsimile: (671) 477-2689/4445
Website: www.portguam.com



Ray Tenorio
Lieutenant Governor

**MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, December 16, 2010**

I. CALL TO ORDER

There being a quorum, the regular meeting of the Board of Directors was called to order at 5:00 p.m., Thursday, December 16, 2010. Present at the meeting were:

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

Absent was Mrs. Marilou Lacson, Board Secretary. Also present were Allen Turner-Architect/Construction Manager Cementon Micronesia; John Perez-Cementon Micronesia; Matthew Smith-OAE/PBA; Chip Brown-PMT EA and Port Management staff.

II. APPROVAL OF MINUTES

a. **November 23, 2010**: Mr. Camacho made a motion to approve the minutes of November 23, 2010 subject to correction. The motion was seconded by Mr. Beery and was unanimously passed.

III. CHAIRMANS REPORT

a. **MARAD Engineer Representative** – Hopeful that by first week of January 2011 MARAD representatives will be on-island and will identify the MARAD Engineer who will be stationed on Guam to get the port modernization program moving forward.

b. **Calvo/Tenorio Transition Team** – Met with the Transition Team and understands that they had also met with Port Management team that well. Glad to hear key issues were addressed and the responses made to questions raised were thorough and transparent. The Transition Team is pleased with the progress made by the Port.

c. Passenger Cruise Vessel - Arranged a cruise ship tour onboard the Pacific Venus that arrived December 12, 2010. This is part of an ongoing effort in building a regional cruise development. Positive feedback from the Ship's Captain was received.

At this time, the Chairman said items requiring board action will be dispensed first. The members had no objections.

IV. GENERAL MANAGERS REPORT

1. Board of Directors/Legal Counsel; Appreciation – On behalf of management and port employees, an appreciation is extended to the Port Authority Board of Directors for their guidance, support and vision in moving the Port forward. A token of appreciation was presented to the Board. “*For Exemplary Services as a member of the Board of Directors, Port Authority of Guam*”. Also, in appreciation as legal counsel to the Port Authority, Atty. Rebecca Santo-Tomas was presented with a token of appreciation. Atty. Santo-Tomas will be leaving the law firm of Lujan, Aguigui & Perez. The members and legal counsel thanked management and staff.

2. Transition Team Committee – Calvo/Tenorio Governor-Elect – As mentioned earlier, management had several meetings with the Transition Team Subcommittees on Infrastructure, Public Safety and Transportation. Key items of the Port Authority and its modernization program were addressed.

3. Port Visit-Governor Felix P. Camacho – Governor Camacho visited the Port on December 1, 2010 to thank management and staff for their support during his administration.

4. Office of Economic Adjustment: Gary Kuwabara & Richard Solander – On December 10, 2010, management met with OEA representatives regarding the port modernization program.

5. Presentation/Port Tours Conducted

- November 30, 2010 – USCG Underwater Terrorism Preparedness Team – *Port tour*
- December 1, 2010 – Global En Route Infrastructure Team & SDDC
- December 15, 2010 – 30th Guam Legislature and Senator-Elect – *Presentation*

Without objection and at this time, item 1. Cementon Micronesia-Progress on Cement Terminal Project under old business was entertained.

VI. OLD BUSINESS

1. Cementon Micronesia-Progress on Cement Terminal Project: Mr. John Perez thanked the members and said Cementon Micronesia (CM) is looking forward to operating facility on Phase 1 (2 steel silos) completion before May 2011. He mentioned that initially it was scheduled to be completed by March 2011; however, encountered some construction delays due to unwarranted work stoppage at CM terminal site this past Monday by Golf Pier's Manager. Concrete foundation work was scheduled for that day, but was cancelled as a result of that

stoppage which now has been rescheduled to continue tomorrow. Mr. Perez commented that the safety of all concern is paramount to CM and believes that as tenants of the Port, activities are governed by the Landlord and not the Manager. It is imperative for any work stoppage be made by the Landlord. CM has initiated discussions with U.S. Coast Guard seeking guidance relative to Title 33, Code Federal Regulations. Meetings continue to be scheduled and the dialogue is productive. In recent discussions with NAVFAC, CM have assured NAVFAC that cement will be available by second quarter of 2011, and as a result of this commitment it is imperative that construction in Phase 1 not experience any further delays lacking warrant. Mr. Perez said progress continues and is looking into Phase 2 (silo concrete composition) of the CM terminal project. He thanked the Board and management for all the support received on this endeavor.

Mr. Beery asked the purpose of the stoppage. Mr. Perez said the Manager had a ship moor on golf pier and had decided for safety regulations to put a work stoppage on CM's construction activities; although CM felt to have already been in compliance and outside the parameters. The Chairman advised management to coordinate with the tenants to avoid delays on any construction activities and projects and to be mindful of safety concerns as well.

V. REPORTS

Committee Reports:

a. **Finance Committee:** Mr. Camacho presented the following.

1. **Installation of Power Meter** – Facility Maintenance is requesting \$44,094.00 for materials needed to install power meters for the POLA cranes and Gantry 3 for purposes of tracking power consumption.

Mr. Camacho made motion to approve \$44,094.00 to purchase materials needed to install power meters to capture power consumption of gantry cranes: POLA Cranes and Gantry 3. Motion on the floor was not seconded. Motion dies.

The Chairman asked whether the power meters would be cost effective as the arrangements with the POLA cranes has three years remaining. Mr. Santos said when the POLA cranes are not in operation it is hooked up to shore power. The proposed power meters will be used to capture the power consumption during that period, then billed to the carriers; however, is unsure whether the amount for purchasing of the materials for installation will be recovered in the three years. The Chairman asked whether an estimate was made to determine consumption. He preferred that this matter be assessed further to determine cost savings, and if during the time the shore power is in use and is found to be relatively incidental, he suggested to propose a flat rate instead. Mr. Beery agreed and mentioned that staff can figure approximate consumption, then negotiate a rate, rather than to install a meter. The Chairman advised the Engineering department to quantitatively assess the need of the power meter installation for the gantry cranes.

2. Repair of Concrete Spalling in the Administration Building – Mr. Camacho made motion to approve \$15,000.00 to repair concrete spalling in the Administration Building, seconded by the Vice Chairperson. Motion was unanimously approved.

3. Tariff Consultant Contract – Request is being made to amend the Tariff Consultant's contract to reflect an additional \$6,400.00 for added work performed in updating the financial model to justify the tariff increase.

Mr. Camacho made motion to approve an amendment to the tariff consultant contract with The Cornell Group, Inc. for an additional \$6,400.00, seconded by Mr. Beery. Motion was unanimously approved.

d. Property Leasing/Port Development Committee: Mr. Glenn B. Nelson, Commercial Manager addressed the following.

1. Mobil Oil-Area A – Port received response from Mobil dated November 18 and December 1. Basically, Mobil is denying responsibility for the condition of Area A and reserving claim on costs for Post Typhoon Pongsona improvements. During follow up discussions, and understanding Port's position, Mobil is to provide proposal to render rehabilitative improvement option including possibility of performing repairs in phases. During these discussions, it was also mentioned of IP&E interest for purpose of exploring a potential build out dependent on IP&E storage requirements. By having IP&E agree in principle to using the facility after initial Mobil capital expenditure services to have in place the mechanism to recover on the investment. For purposes of disclosure, storage related revenues being lost is \$156K per passing month. While Mobil still desires to engage the Port on this matter, the Port is in no position to nor has any desire to engage in lengthy discussions. In moving forward and addressing this matter, it is being recommended for Board to authorize management to issue a solicitation of interest (SOI) for the repairs, restoration and usage of Area A fuel tanks. This SOI is to be developed in consultation with Mobil and federal stakeholders. Staff will be charged with completing process incidental to SOI and report back to the Board.

At this time, and for Board understanding, a presentation was made depicting pipeline distribution/area of respective parties: Tristar, Mobil, F1 Pier and GPA; use of pipelines; type of distribution. More discussion took place on contingencies in the event of an emergency or alternate service; re-routing to service other areas in case of storm; pipelines servicing other products other than norm; alternate fuel distribution system.

After discussion, the Chairman asked the number of tanks in Area A. Mr. Nelson said there are 5; of this 1 is operational (Tank 4) and 4 is not due to the need of refurbishment to be compliant. Mr. Camacho asked how much annual revenue can be produced if all are operational. Mr. Nelson said \$2M.

The Chairman said there is an existing management agreement and the message should be sent to Mobil to refurbish those tanks. He mentioned that as to recouping their investment recalled there were discussions on throughput considerations. Mr. Camacho clarified that

throughput arrangements has been addressed; however, it was later determined that change to the tariff could not be done, so discussions were made on change to management fee structure for the management of the pipelines which can be made. That was the rationalization for not using the tariff adjustment as a mechanism for the repayment of that investment. Mr. Camacho reminded the Board that Mobil represented they will spend \$3M to replace the pipelines and the then-General Manager Kamal Singh also represented to the Finance committee that he was going to invest in Area A & C over \$25M to renovate those tanks. He said Mobil did not go through with the pipeline replacement and this has been over 2½ years ago. At that time, Mobil represented that those pipelines will burst, is in total disrepair, and so forth. Mr. Camacho expressed his concern that if this Board is going to have any kind of arrangement with Mobil moving forward, that a deposit be secured to show they are serious about the project because 2½ years has gone by and Mobil has done nothing. Mr. Beery understands that millions of dollars have been expended to upgrade storage tanks at the old shell refinery and so there's move a foot for fuel storage and for tank storage so this must be a valuable commodity and is unsure why those tanks wouldn't be valuable for somebody. Mr. Camacho voiced his concern that this is an asset not being utilized, it's under productive. The potential is to produce \$2M for the Port, but it's not in this point because the Manager has the management agreement controlling that asset and is refusing to do any improvements. Mr. Camacho posed the question to the members whether this body would look to restructure or terminate the management agreement to allow for the asset to be productive as there is a demand for those tanks. He reiterated that \$2M is a lot of money that can go toward paying the Port's debt and assist in minimizing the tariff impact on the Port's debt obligations.

The Chairman said there is an 'exit clause' in the management agreement that can be exercised. He advised management with the assistance of Legal Counsel to prepare a letter addressing the following: 1) dissatisfaction with Mobil management of Area A; 2) Mobil action to refurbish all the tanks in Area A; 3) Port to terminate management agreement if after 365 day notice no action is taken to address the conditions of Area A. The Chairman said after the 365 days, then the SOI can be issued. He expressed that this matter has been discussed in length to no resolve and the Port is losing \$2M in revenues which is unacceptable. Mr. Nelson mentioned that 365 days is a long time to issue the SOI and requested reconsideration. The Chairman said interest have already been established and all is being asked at this time is to allow the existing Manager to bring Area A up to code and get it operational. If the Manager cannot complete it in 365 days, the Port will terminate the management agreement. Mr. Camacho said it's clear that there is a need for storage and it's clear there is limited access to fuel – Golf Pier and F1 Pier, so what is to stop from forcing the termination even earlier than 365 days. He felt that Mobil is in default because of their inaction in improving Area A and costing the Port revenue. He understands the management agreement to stipulate that it is the Managers responsibility to keep those assets in good repair and to this day have not done so. The Chairman said the process of issuing the notice needs to be made. Mr. Camacho asked Legal Counsel for guidance. Legal Counsel said it's clear several issues are being made and a lot of those have been addressed, but as to other concerns being raised. The Chairman intervened and said as those are legal strategies can be taken up in executive session. The Chairman noted the point made by member Camacho that the Port is losing revenue – there is no question, but a notice has to be issued. He directed the following to management: 1) management to research total storage capacity level on island

relative to jet fuel, gas, low sulfur diesel, and oil; 2) prepare letter to Mobil with assistance of Legal Counsel for Board's review on points noted earlier; and 3) SOI not be issued at this time as Mobil is the existing Manager and will be provided the opportunity of 365 days to bring those assets up to standard and will be held accountable. He asked the Board whether there are any objections. Mr. Camacho pointed out that allowing the 365 days is a time period that the Port does not have. He expressed concern that Mobil might not produce during that period leaving the Port at a loss. Mr. Nelson said the SOI is essentially to establish a list to provide Mobil the incentive to perform these capital expenditure with the understanding that recouping their investment is inevitable because the list of interested parties to render those tanks usable is in place and Mobil will have the method of recovery. Mr. Camacho asked how long will it take to refurbish the tanks. Mr. Nelson understands it to be 9 months to a year. The Chairman said Mobil should be able to do it and if there is no substantial work being done in 365 days with notice already given, then the management agreement will be terminated. This approach is a mechanism to get the Managers attention, not by soliciting other party interest, but rather impacting their ability to control Golf Pier. Mr. Beery said he doesn't think there is disagreement with approach, but felt that a full court press needs to be made as the fuel tanks and fuel lines is an issue, as such, it's important to be addressing all directions. The Chairman advised management to proceed with issuing the SOI. The Vice Chairperson expressed concern about the 365 days as there are other default clauses in the management agreement which may allow immediate termination based on grounds. The Chairman asked management to look into that and make recommendation to the Board. He also advised management to research the capacity of GPA requirements on black oil distribution.

2. Tristar – Efforts to relocate the pipelines located in the terminal yard have yet to be resolved primarily for reasons related to questions of party responsibility, authority and the unknown cost associated with the proposed relocation. Also, concerns of non-compliance of law or funding availability; questions of asset ownership and corresponding authority for expenditure. It is the position that pricing is the ultimate deciding factor to any action forward. For sole purpose of facilitating progress without accepting associated liability, being proposed is for the Port to take lead on the advanced assessment and design work needed to establish the baseline cost in order to present options before the Board for consideration. It is being recommended for Board to authorize management to perform the following: 1) proceed with sourcing the preliminary assessment and design for cargo line project alternatives to address the Tristar issue for purpose of enabling the desired terminal yard end state. Cost associated to this request is \$150K; 2) continued authority for management to continue negotiations with Tristar in consultation with cargo line stakeholders; 3) request legal counsel to perform full review of the impacted lease agreements as it pertains to present day circumstances related to termination and relocation of the cargo lines and render an opinion within 30 days.

The Chairman asked how the cost was determined. Mr. Simeon Delos Santos, Engineer Manager said this is a rough estimate basically to create a request for proposal to start this process moving forward. At this time, an aerial was shown to the Board to better understand the existing pipeline placement and the proposed relocation. Tristar lines includes four pipelines consisting of three 24", one of which is off-line/deactivated and one 16". Mr. Beery pointed out that the relocation of the pipeline is important to the modernization program and it should be

made a priority. There's some thought to work around the pipelines; however, the committee expressed this is not prudent for reasons that the pipeline is in the way of the expansion of flat spots. He mentioned that the Port does not have the luxury of time to delay this matter any further because of the modernization as well as the DPW Route 11 project that is scheduled for November 2011, so it's important to collaborate with all parties. He said the first step on the Port's part is to determine the cost associated with relocating the pipelines as proposed by Mr. Nelson. Mr. Camacho asked who owns the pipes. Mr. Nelson said its title subordinate to the lease which is currently being leased to Tristar. The Vice Chairperson suggested that if the Port is going to spend \$150K it should also address this whole issue of Area A, alternatives for GPA, so forth holistically. Mr. Beery agrees, however, the \$150K basically allows a development of a request for proposal to get a design-build estimate. He expressed the need not to work around the pipeline and work on its relocation.

Mr. Beery made motion to authorize management to proceed with sourcing the preliminary assessment and design for cargo line project alternatives to address the Tristar issue in the amount of \$150,000.00. Motion was seconded by the Vice Chairperson and was unanimously approved.

As to the recommendation of item 2 relative to continued authority to negotiate with Tristar with cargo line stakeholders, there were no objections by the members. As to item 3 for a comprehensive legal review on the lease, the Chairman recalls that this item has been discussed in length and rendered interpretations have already been provided. He asked management to provide him with the file. Purpose is to revisit lease and look at some options.

3. Cement Plus – As authorized at the previous meeting, Port has engaged Cement Plus and a draft lease has been submitted which is currently under review by management and Legal Counsel. Proposed area of interest is adjacent to Route 18. In connection to this, ongoing Port sponsored site survey work is near completion. It is being recommended for management to begin final contract negotiations with Cement Plus. The Vice Chairperson asked what the land use is identified as in the master plan. Mr. Nelson said marine industrial. Mr. Camacho asked what is the potential rent. Mr. Nelson said as proposed \$1.8M per annum for 15 acres. Legal Counsel informed the Board that any contracts expended over \$1M will be subject to PUC approval pending final contract protocol between the Port and PUC. Without objections, the Chairman said contract negotiations will continue for the purpose of finalizing the proposed lease agreement. Also, to arrange for Cement Plus to conduct a presentation before the Properties committee for all to attend.

f. Port Modernization Program Committee: Mr. Beery said there are ongoing meetings with MARAD and PMT-EA to fine tune the implementation plan. He understands that MARAD is scheduled to be on island early January 2011. MARAD authorized PMT-EA to be their representative in the interim until MARAD appoints somebody to be their representative on Guam. He mentioned that several discussions have been made on what procurement method to use and the appropriate method is a design build concept rather than design bid build efforts because PB's drawings that have been paid for by the Port is adequate to proceed with a design build delivery system. PMT-EA suggested other methods, however, it is the Port's position to

move forward with the design build concept to obtain adequate numbers in order to make better management decisions on how the funds should be expended. He understands that MARAD had a meeting with military representatives and it was expressed by the military to implement Phase 1A as stipulated which is also the Port's position. Mr. Camacho commented that to deviate from Phase 1A plan and/or to incur more cost beyond what was presented before the Guam Legislature, was concerned why MARAD or PMT-EA would consider a different approach. Mr. Beery said the Port should not waiver and just proceed with the plan. He expressed that a lot of time, effort and funding was put into this plan and should continue in this direction.

Mr. Beery made motion for management to direct MARAD to move forward with the Port Modernization Program using a Design-Build method procurement process instead of Design-Bid-Build, seconded by the Vice Chairperson. Motion was unanimously approved.

1. Brief Summary Status Ongoing CIP Projects – Mr. Delos Santos presented the following ongoing projects. (*List excludes Port Modernization projects*)

- **GDP Marina Renovation & Site Improvement** – Sheet piling replacements. Project is at \$1.2M, pending PUC approval. Contractor: Black Construction. This is a 270 day project and will commence once a notice to proceed is issued. Legal Counsel understands that PUC approval has been initiated.
- **Mobil Fuel Pipeline Repair, A/E** – Mobil provided the design, prepared by SPEC Consulting. Port engaged with the first highest ranked offeror, Parsons Brinckerhoff, however, during cost negotiations, the parties did not come to terms with cost. Port has scheduled a meeting next Wednesday with the next highest rank offeror.
- **GDP Marina Dock "A" Repairs** – Complete replacement of all slips in dock A. Contractor: HUBTEC. Project is at \$253K. Notice to Proceed was issued on June 14, 2010. Completion date is November 13, 2010; however, due to the lack of required permits held up by ACOE, GEPA, DPW an extension was made for 45 days. It is anticipated that the permitting process will take about 3 weeks.
- **GDP Marina Dock "B" Repairs** – Contractor: HUBTEC. Project is at \$288,800.00. Bid analysis and recommendation is in process for approval. Project completion is 122 days.
- **Agat Marina Ramp Walkway Repair** – Contractor: EVM Construction. Total project cost is at \$86,725.00. Repair is on hold due to site difference. Repair was extended for 75 days by DPW. Project is 100% federally funded by Department of Agriculture under the Boating Access Grant Funding.
- **Container Yard Area "X" Asphalt Repair** – Contractor: GEMCCO. Total project cost is at \$16,929.00. Repair work is 100% complete.
- **Concrete Manhole Cover Repair** – Price quotes have been received from interested small contractors ranging from \$14K to \$19K. Procurement process on this project is ongoing.
- **Administration Building Spalling Repairs** – Scope of work is being developed. Project is at \$15K.

c. Human Resources Committee: Mrs. Francine T. Rocio, Personnel Services Administrator presented the following.

1. Resolution No. 2010-13 – Francisco G. Santos, Harbor Master – Mr. Camacho made motion to ratify Board Resolution No. 2010-13 relative to commending and congratulating

Mr. Francisco G. Santos on his retirement from the Port Authority of Guam and to express sincere gratitude for his 36 years of public service and dedication to the people of Guam. Motion was seconded by the Vice Chairperson and was unanimously approved.

2. Resolution No. 2010-14 – Jesse S. Mendiola, Port Police II – The Vice Chairperson made motion to approve Board Resolution No. 2010-14 relative to commending and congratulating Mr. Jesse S. Mendiola on his retirement from the Port Authority of Guam and to express sincere gratitude for his 30 years of public service and dedication to the people of Guam, seconded by Mr. Camacho. Motion was unanimously approved.

3. Resolution No. 2010-15 – Creation of Positions: Commercial Specialist I, Commercial Specialist II, Commercial Specialist Supervisor – The Board at its previous meeting authorized management to proceed with the transparency process for the Commercial Specialist Series. The transparency has been completed with one comment received by an anonymous. In light of this, it is being requested that approval and adoption of the Commercial Specialist Series be made.

The Vice Chairperson made motion to approve Board Resolution No. 2010-15 relative to approving the creation of the Commercial Specialist I in the classified services at a Pay Grade J, the Commercial Specialist II in the classified service at a Pay Grade K, and the Commercial Specialist Supervisor in the classified service at a Pay Grade M as authorized under Title 4, Guam Code Annotated, Sections 6303(d) and 6303.1. Motion was seconded by Mr. Beery and was unanimously approved.

4. Creation of Contract Management Administrator & Inventory Management Administrator – Request authorization from the Board to allow management to begin the creation process for Contract Management Administrator and Inventory Management Administrator positions. This request is presented to initiate the transparency and disclosure process in accordance with Title 4, GCA, Section 6303(d) and the Port's Personnel Rules and Regulations.

The Vice Chairperson made motion to authorize management to begin the transparency process and disclosure reports to establish the creation of positions of Contract Management Administrator and Inventory Management Administrator under the Port's Classification and Compensation Plan, seconded by Mr. Camacho. Motion was unanimously approved.

5. National Domestic Preparedness Coalition: US Department of Homeland Security: Operational Value of Threat, Risk and Vulnerability Assessment Course – January 11-13, 2011, Saipan – The Vice Chairperson made motion to approve travel accommodations in the sum of \$2,274.72 for two port representatives to attend the National Defense Preparedness Coalition: US Department of Homeland Security Operational Value of Threat, Risk, and Vulnerability Assessment Course on January 11-13, 2011, Saipan. Motion was seconded by Mr. Beery and was unanimously approved.

6. Public Law 29-105 – Pay Adjustment for Law Enforcement – The Port received a letter dated November 26, 2010 from Senator Adolpho Palacios regarding implementation of the third 10% pay adjustment for law enforcement personnel pursuant to Public Law 29-105. A response was made on November 29, 2010 to Senator Palacios indicating that the Port is waiting on Department of Administration to issue the 30% Public Safety & Law Enforcement Pay Scale in order for the Port to conduct a comparison analysis on the Port's compensation plan versus the hay plan pay scale. Several follow-ups have been made with DOA, but to no avail. The Port sought the assistance of Senator Palacios on this matter.

7. Compensation of Unclassified Positions – The Port Compensation Plan does not address unclassified positions. Discussions have been made with the Port Compensation Consultant Mr. Alan Searle to assist in determining the compensation for those individuals under the Port Classification and Compensation Plan. In light of this, Mr. Searle has recommended that the implementation criteria be used as the compensation methodology to determine those positions new pay compensation. For salary increments, the Port should use the Performance Management process for Managers in converting a performance score into a pay increment as indicated in the Port Classification and Compensation Plan.

The Vice Chairperson made motion to approve the Compensation Consultant's recommendations on the compensation methodology for unclassified employees upon appointment and pay increments, seconded by Mr. Camacho. Motion was unanimously approved.

e. Procurement Advisory Committee: The Deputy General Manager reminded the members that management was advised to hold off discussions relative to crane acquisition that also held in abeyance OAE Task Order No. 31; however, she expressed that in order to be in compliance with Public Law 30-100, management needs to begin the procurement process and update the crane specifications with the assistance of OAE. It is now being requested to authorize OAE to begin this task. The Chairman asked whether the existing specifications can be used. The Deputy General Manager said OAE will review the existing specifications to determine what components can either be used or needs to be updated. This task is based on time and material.

The Vice Chairperson made motion to authorize management to proceed with OAE Task Order No. 31 up to \$250,000.00 for purposes of updating the Crane Specifications, seconded by Mr. Camacho. Motion was unanimously approved.

VI. Old Business (cont.)

2. Board Resolution:

- a. Resolution No. 2010-13 – (Item addressed under Human Resources committee)
- b. Resolution No. 2010-14 – (Item addressed under Human Resources committee)
- c. Resolution No. 2010-15 – (Item addressed under Human Resources committee)

VII. NEW BUSINESS

1. **Creation of Positions for Procurement Division: Inventory Management Administrator and Contract Management Administrator:** (Item addressed under Human Resources committee.)

2. **Public Law 29-105 – Pay Adjustment for Law Enforcement:** (Item addressed under Human Resources committee)

3. **Position Classification Study for Harbor Master Division:** Mr. Camacho made motion to authorize management to move forward with the position classification study for the Harbor Master Division, seconded by the Vice Chairperson. Motion was unanimously approved.

4. **Employee Morale Center / Port Museum:** The General Manager said there is available port property by Route 11 behind Sun Chaser canteen that can be used as an employee morale center and also building a museum to capture historical data and value of the Port Authority. He mentioned that staff is currently researching grant funding for this project. It is now being requested for Board approval to use such area for this purpose. The Chairman asked for the site designation. Mr. Nelson said it is part of Parcel 1, across the Port Administration Building, less than an acre. The Chairman advised management to conduct further research and study on this proposal.

5. **National Domestic Preparedness Coalition: US Department of Homeland Security: Operational Value of Threat, Risk and Vulnerability Assessment Course – January 11-13, 2011, Saipan:** (Item addressed under Human Resources committee)

6. **Micronesia Cruise Association Founding Membership Fee:** The Chairman said the Micronesia cruise association founding membership fee is for the cruise ship industry in the region which has been concurred by all island governments, such as FSM, Guam, CNMI, Palau and Marshall Islands. These island governments are aware that this is being developed and is in the initial stage of the association's formation and the Port is a charter member basically, founding member. He asked for Board approval for the Port to be a founding member of this association at a fee of \$2,500.00.

Mr. Beery made motion to approve for the Port Authority of Guam to be a founding member of the Micronesia Cruise Association; membership fee in the amount of \$2,500.00, seconded by the Vice Chairperson. Motion was unanimously approved.

7. **APP Mid-Year Conference Honolulu, January 13-14, 2011:** The Chairman said Association of Pacific Ports will be holding its mid-year conference next month of which the Port had attended last year. He asked that representatives of the Port attend in order to keep the continuity and establishing Port's position in the association.

Mr. Camacho made motion to approve travel accommodations for two port representatives to attend the Association of Pacific Ports Mid-Year Conference on January 13-14, 2011, Hawaii. Motion was seconded by the Vice Chairperson and was unanimously approved.

8. **Seatrade Cruise Shipping Miami Conference, March 14-17, 2011:** The Chairman said similar to the APP conference, the Seatrade Cruise Shipping is also holding its annual conference in March 14-17, 2011 and encourages Port participation.

Mr. Beery made motion to approve travel accommodations for two port representatives to attend the Seatrade Cruise Shipping Miami Conference on March 14-17, 2011, seconded by the Vice Chairperson. Motion was unanimously approved.

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 8:10 p.m.

RECONVENED: The meeting reconvened at 8:15 p.m.

At this time, the Board went into executive session. Executive Session ended at 8:50 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, PMC and Performance Evaluation of General Manager.

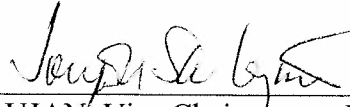
Mr. Camacho made motion to authorize Legal Counsel to move forward with the items discussed in executive session, particularly with regard to Guam YTK, seconded by the Vice Chairperson. Motion was unanimously approved.

Next Board Meeting Date

Without objections, the Chairman announced the next board meeting to be held on Thursday, January 20, 2011 at 5:00 p.m.

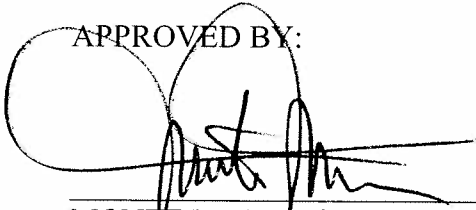
X. ADJOURNMENT

There being no further business to discuss, it was moved by Mr. Beery and seconded by the Vice Chairperson to adjourn the meeting at 8:55 p.m. The motion was unanimously passed.



JOVYNA LUJAN, Vice Chairperson, Board of Directors

APPROVED BY:



MONTE MESA, Chairman, Board of Directors

