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Ray Tenorio
Lieutenant Governor

**MINUTES OF THE
SPECIAL MEETING OF THE BOARD OF DIRECTORS
Thursday, December 30, 2010**

I. CALL TO ORDER

There being a quorum, the special meeting of the Board of Directors was called to order at 3:05 p.m., Thursday, December 30, 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 Kaleo Moylan-Cement Plus; Tricee Limtiaco-Cementon Micronesia; Chip Brown-PMT EA; Jimmy Camacho-Senator Tom Ada's office and Port Management staff.

Without objections, the Chairman asked that items 2 & 3 under old business be entertained first.

II. OLD BUSINESS

2. **Tristar Fuel Line:** The Deputy General Manager said at the previous meeting the Board had approved \$150K for management to begin sourcing the preliminary assessment and design for the fuel line relocation. Having said this, she mentioned that OAE is currently working on the scope of work as well as the estimated cost and if concurred by the committee, recommend approval for OAE to proceed. Mr. Beery added that the committee had addressed this issue and is in favor of this approach given the time constraints, provided however, that it is in accordance with procurement rules and regulations.

Mr. Beery made motion to authorize management to move towards working on the task order with OAE for the preliminary assessment and design for the fuel line relocation, seconded by the Vice Chairperson. Motion was unanimously approved.

3. **Marina Repairs:** Mr. Glenn B. Nelson, Commercial Manager said IFB No. CIP-011-001 Design-Build for GDP Marina Dock B Repairs was presented before the Board at previous meetings which indicated the lowest bid received at \$288,800.00. Funding for this project is through the Department of Agriculture under US Department of Interior, Fish and Wildlife Service Grant. The total grant allocation for this project is \$180K; resulting with a shortfall of \$108,800.00. Mr. Nelson presented options for consideration which include: 1) Port to fund the shortfall; 2) request DOAg for additional funding to the federal agency; however there will be delays to the project repair of two months using this approach; or 3) request DOAg to reprogram the funding identified for repair work of Dock C and apply it towards Dock B project which also comes with delay to the project due to the necessary paperwork and processing. He said the grant funding for the project is required to be used by September 30, 2011. The Chairman asked whether reimbursement can be made. The Deputy General Manager said DOAg had advised that reimbursement may not be possible. She mentioned that if DOAg works with the federal agency on reprogramming for additional funding, this project repair will be further delayed and the dilemma is the Port needs to use the grant by September 30, 2011.

Mr. Beery made motion to authorize management to award the contract to Hubtech for IFB No. CIP-011-001 Design-Build for GDP Marina Dock B Repairs project at \$288,800.00 and for the Port to fund the shortfall of \$108,800.00 for this project. Motion was seconded by the Vice Chairperson and was unanimously approved.

1. **Cement Plus Development Plan Presentation:** At this time, the members recognized the presence of Mr. Kaleo Moylan, Cement Plus. Mr. Moylan thanked the members and presented the development plan. Power point presentation included:

- **Cement Plus Corporation Partners:** Cement Plus; FurukawaGumi Construction Company; and Sakamoto Company.
- **Objective:** Cement Plus Corporation to finance, develop a piled wharf and pier at the M1 area across the bay; assist the Port on expected logistical challenges- traffic congestion, scheduling, limited terminal yard space; provide solution for aggregate and construction materials unloading required to support the massive construction boom; provide alternative and reliable source of aggregate, cement, and construction materials that meets federal, military, and local government standards.
- **Project Goals:** implementation plan presentation; finalize lease agreement; fine tuning of M1 development plan; mobilization of assets; construction and implementation.
- **Phase Approach:** Phase 1- 6 acres environmental assessment, construct temporary dolphin pier, second environmental assessment of next 10 acres, construct sand material yard, warehouse, mobile silos, batch plant, stock yard. Phase 2 – environmental impact study, dredge, fill and construct 870 linear feet steel pipe pile wharf. Phase 3 – EA or EIS study for the next 3 acres, construct oil tanks.
- **Estimated Cost:** Phase 1 & 2 estimates to be \$104M, subject to the changes in the actual footprint.

Mr. Moylan said the existing utility easement, pipelines at the site will not be disturb. The development plan on design and implementation of the property considered all of those impediments and will work around it. The Vice Chairperson asked lease term of interest. Mr. Moylan said the corporation is looking at a long term lease of 30 years to recover investment of the permanent wharf structure. As the topo-survey has not been done, it is unknown how many steel pipes are necessary to make sure it is a solid structure necessary to meet the Port's demands on the types of vessels, size of ships that would be docked at that space. He said when the lease expires the area becomes a usable asset the Port does not have currently which can be used for future tenants. Mr. Moylan mentioned that this will be a Port-controlled asset. Mr. Camacho clarified that it is a Port-controlled asset, but legally it does not revert to the Port until the end of the lease term. Having said this, the corporation will be adding adequate maintenance capital to ensure by the end of the lease term the asset is in good working condition. Mr. Moylan said yes, maintenance of the facility will be made during its lease term, so upon expiry those assets continue to be usable. Mr. Camacho asked why the Port would consider charging a lease rate other than based on fair market value if the corporation can recover its cost in 30 years. Mr. Moylan said the corporation does not have the data on vessel traffic flow at this time to determine whether or not it can be recovered based on fair market value. Mr. Camacho said port tenants who obtained long term lease is paying fair market value, although this corporation is investing a sizable amount that perhaps can be considered, but he mentioned that 30 years is sufficient time to recover the capital if operated properly with enough demand. Mr. Moylan said absent the data, that is difficult to determine at this point and can be further discussed with the Port. Mr. Camacho said as this is a Port-controlled asset the tariff rate will apply. Mr. Moylan understands and said this will also be further discussed with the Port.

Mr. Beery asked whether this propose plan will be considered a relief area for break bulk cargo. The General Manager said that is being considered. The Vice Chairperson asked how many job opportunities is being anticipated for this activity. Mr. Moylan said there will be several opportunities for construction of the facility and would be local hire. Mr. Beery asked for the timeline. Mr. Moylan said project completion is expected in a year's timeframe and assured the Board the corporation is committed to developing this project. He mentioned that discussions have been held with management and aside from its primary use, it can also be used by a third party at the direction of the Port if needed and if space is available. Mr. Moylan said by allowing this arrangement that perhaps consideration be made for the corporation to capture some of its investment. The Chairman advised Mr. Moylan that this body only has the ability to approve lease terms up to five years, in excess is subject to legislative approval.

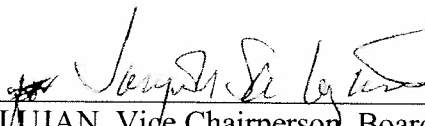
The Chairman advised management to continue negotiations on the lease with Cement Plus for Board consideration. Mr. Beery advised that the lease agreement stipulate a performance clause to ensure development of the property. With no further discussions, the Chairman thanked Mr. Moylan for the presentation. Mr. Moylan thanked the members and management for the opportunity.

III. EXECUTIVE SESSION

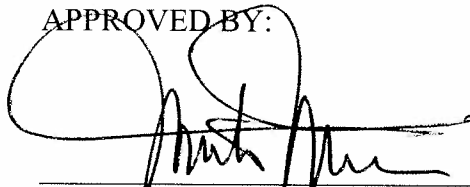
No Executive Session items discussed.

IV. 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 3:55 p.m. The motion was unanimously passed.



JOVYNA LUJAN, Vice Chairperson, Board of Directors

APPROVED BY:


MONTE MESA, Chairman, Board of Directors

