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MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, June 17, 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, June 17, 2010. Present at the meeting were:

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

Absent were Board members Ms. Jovyna Lujan, Vice Chairperson and Mr. Joseph Camacho. Also present were AM Insurance-Annmarie Muna; Sherman Consulting-Jesse Toves, Vincent LG, Phil Mendiola-Long and Port Management staff.

II. APPROVAL OF MINUTES

a. **May 20, 2010:** Before the approval of minutes, the Chairman made correction on page 2, first paragraph, second sentence that should read: "*The provision also allows Department of Defense a transfer authority to support the request by President Obama for the Port of Guam.*" Also, same paragraph, the year should reflect "2011" as opposed to "2017". On Page 6, item 5, second line, the word should read "*un-repairable*" as opposed to "*irreparable*". Without further corrections made, Mrs. Lacson made a motion to approve the minutes of May 20, 2010 subject to correction. The motion was seconded by Mr. Beery and was unanimously passed.

III. CHAIRMANS REPORT

1. Legislative Director, Congresswoman Bordallo Representative: Had the opportunity to meet with Mr. Matthew Hermann, Legislative Director of Congresswoman Bordallo's Washington DC office during his visit on Guam first week of June 2010. Mr. Hermann is able to provide assistance by keeping the Port abreast of the events taking place in the beltway relative to port funding that is identified, and also monitoring the progress of the

House and Senate in refining the supplemental budget currently before Congress. Mr. Hermann was able to tour the port during his visit.

2. 30% Design – Terminal Development Plan: Understand a working session was held on June 9, 2010 on the terminal development plan which will be further addressed by the General Manager.
3. MARAD Meeting: During the week of June 7, 2010, Port Board and management was able to meet with MARAD officials, and basically discussed the PAG/MARAD Protocol Manual rules of engagement that includes how all funding/financial programs will be administered and managed relative to the port modernization and the role of the Program Management Team.
4. Port Tariff Consultants-Cornell Group: Port contracted Cornell Group as its port tariff consultants. During the week of June 7, 2010 the consultants have engaged and conducted data collection with management, port users, stakeholders, and others. They have also met with the Public Utilities Commission in order to ensure compliance of its rate application process.
5. Cementon Micronesia Visit: Understand the port was visited yesterday by a Taiwan Group, partner of Cementon Micronesia on the cement silo development that will be further addressed by the General Manager.
6. Office of Economic Adjustment Visit: Met this afternoon with representatives of the Office of Economic Adjustment Messrs. Gary Kuwabara and Rick Solander, along with management and is encouraged to learn that the report from all top level parties (Congresswoman's office, MARAD, DoD) is consistent with the port funding program being positive.
7. Report to Legislature–PAG Information Briefing: Reminded that pursuant to Public Law 30-100 the Port is scheduled to report back to the Legislature and provide an information briefing on the port modernization which is scheduled on June 22, 2010 at 6:30 p.m.

IV. GENERAL MANAGERS REPORT

1. Azuma Boat: In compliance with the U.S. Coast Guard requirement, the Port has removed all hazardous materials (petroleum products) on board the vessel last week.
2. 30% Design – Terminal Development Plan: As mentioned earlier, the working session held on June 9 at the Marriott Hotel was conducted by OAE which was well attended by management, MARAD officials, PMT-EA, SDDC-Gordon Lowe, JGPO-Cpt. Ulysses Zalamea. The working session was very informative as it relates to preliminary designs, site development, and building for Phase IA. The final 30% design is expected to be transmitted to the Port first week July 2010 and subsequently handed over to the PMT-EA.

3. Port Tour-Guam Legislature: A port tour for the Guam Legislature was held on May 25, 2010. Amongst the group were Senator Adolpho Palacios and representatives from the offices of Senators Tom Ada, Benjamin J. Cruz and Frank Aguon.

4. Cementon Micronesia Visit: As mentioned earlier, a Taiwan Group, partner of Cementon Micronesia toured port properties and the golf pier area where the cement silo is to be developed. Questions posed during the tour included security, structure of golf pier and their relationship with Mobil which were addressed accordingly.

V. REPORTS

a. List-Federal Grant & Local Funding Program:

1. ANZ/USDA Guarantee \$3.5M - The Chairman asked the status of the ANZ/USDA Guarantee \$3.5M. Legal Counsel said the contract review by both party counsels are at its final stages which will then be forwarded to the Attorney General's office for final review pursuant to Public Law 30-72. She mentioned that absent protocol of Public Utilities Commission (PUC), suggested that the final draft version of the contract also be forwarded to PUC for their review as well. Mr. Beery made motion to authorize management to forward the draft contract to PUC for review on the ANZ/USDA Guarantee Loan \$3.5M once reviews have been completed by legal counsels, the Attorney General and Port management, seconded by Mrs. Lacson. Motion was unanimously approved.

c. Operation Productivity Reports: Mr. John B. Santos, Operations Manager mentioned that operations is currently experiencing a substantial influx of break-bulk cargos and aggregates which is attributed to the impending military buildup. He said the first batch of housing units came in last month that consists of 80 units. Next week the Port will be receiving a total of 2,660 housing units and anticipates this type of operation to continue for the next two years. With respect to aggregates, Mr. Santos said there is a shipment scheduled to arrive Port next month. Additionally, communications are being made with NAVFAC officials to confirm the arrival of 120k metric tons of aggregate that is anticipated this year. Mr. Santos raises this information as overtime projections for this fiscal year will be impacted by these types of cargo operations. Mr. Beery asked that on the housing units how long did it take to process. Mr. Santos said the 80 housing units were handled within a seven day period. The General Manager commented that these are additional revenues not projected, and so with these type cargo operations, overtime will occur. Mr. Santos said there are two types of operational revenues: vessel operations and special services requests.

Other items under Report were for board's information.

Committee Reports:

a. Finance Committee: Mr. Jose B. Guevara, Financial Affairs Controller said the committee met on June 2, 2010 and as a result recommends approval of the following:

1. Roof Exhaust Fans – Allocation of funds request to purchase roof exhaust fans for the second floor public restrooms of the Administration Building as it is non-functional at this time. Mr. Beery made motion to authorize management to purchase Roof Exhaust Fans for the Administration Building, second floor restrooms at \$2,399.00. Motion was seconded by Mrs. Lacson and was unanimously approved.

2. Xeon Server – Information Technology division request to purchase a server that will be running continuously on a 24 hour/7 day period to host free software tools called the Spice Works to meet IT needs. Mr. Beery made motion to authorize management to purchase Xeon Server necessary for the Information Technology division to host free software tools in the amount of \$8,392.97, seconded by Mrs. Lacson. Motion was unanimously approved.

3. 3Comm Switch 4500PWR – This is to replace existing switch in the Administration Building and to categorize by section to ensure that the second floor would not be impacted when one switch goes down. Mr. Beery made motion to authorize management to purchase three each of 3Comm Switch 4500PWR at the amount of \$4,800.00. Motion was seconded by Mrs. Lacson and was unanimously approved.

b. **Maintenance/Equipment Committee:** The Chairman asked to include the POLA Cranes maintenance cost on report. For Board's information, Mr. Ernie G. Candoleta, Maintenance Manager said the parts for the mobile harbor crane has arrived and was installed yesterday. Alignment of axils is being performed and upon completion, mobile harbor crane should be operational.

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

1. Pay Grade Reassignments and Amendment to Job Specification - At the previous meeting, the Board approved pay grade reassignments for the following positions: Administrative Aide, Buyer I, Buyer II, and Facilities Maintenance Superintendent. Being presented in Resolution No. 2010-06 for Board approval is in accordance with Public Law 30-43, Section 2(e)(6), personnel rules and regulations and policy memorandum 10-01. Mrs. Lacson made motion to approve Resolution No. 2010-06 relative to approving the pay grade reassignments for the Buyer I, Buyer II, Administrative Aide and Facilities Maintenance Superintendent as authorized under Public Law 30-43 and the Port Authority of Guam's Personnel Rules and Regulations, seconded by Mr. Beery. Motion was unanimously approved.

Additionally, as presented at the previous meeting, it is requested that authorization to proceed with the transparency process begin for the pay grade reassignment for the Mobile Equipment Dispatcher position. Mrs. Lacson made motion to authorize management to proceed with the transparency process for the Mobile Equipment Dispatcher position in accordance with Title 4, Guam Code Annotated, Section 6303.1 and Chapter 6 of the Port's Personnel Rules and Regulations. Motion was seconded by Mr. Beery and was unanimously approved.

2. Travel Authorization Request – As part of the AAPA Professional Port Manager (PPM) Certification Program, Board approval is being requested to authorize travel

accommodations for the Financial Affairs Controller and Commercial Manager to attend the Port Security Seminar & Exposition slated for July 21-23, 2010 in New Orleans, Louisiana. Also included is the request to allow the Financial Affairs Controller's participation in the AGA Annual Professional Development Conference. Funding has been identified under the Human Resource lapse funds from salaries/wages. The Deputy General Manager mentioned that although confirmation still pending, the Financial Affairs Controller also request to meet with the Port Tariff Consultants in Arizona while off-island to review the draft tariff study. The Chairman said until such time confirmation is received, it will be addressed then.

Mrs. Lacson made motion to approve travel request for the Financial Affairs Controller and Commercial Manager to attend the AAPA Port Security Seminar & Exposition, July 21-23, 2010 in New Orleans, Louisiana at \$7,241.48, to include approval on travel request for the Financial Affairs Controller to attend the AGA Annual Professional Development Conference, July 11-14, 2010 in Orlando, Florida. Motion was seconded by Mr. Beery and was unanimously approved.

3. Ratification-Travel Request – Board ratification is being requested for the participation of the Port Board of Director Mr. Joseph Camacho at the AAPA Special Seminar for Public Port Authority Directors held on June 16-17, 2010. Mrs. Lacson made motion to ratify travel request for member Joseph Camacho to attend the AAPA Special Seminar for Public Port Authority Directors, June 16-17, 2010 in Chicago, Illinois at \$3,508.90, seconded by Mr. Beery. Motion was unanimously approved.

As the matter relates to this committee, the Chairman reminded that Board and management is scheduled to meet on June 22, 2010 with Department of Administration regarding DOA's Hay Study Review.

d. Property Leasing/Port Development Committee: Mr. Glenn B. Nelson, Commercial Manager presented the following for Board action.

1. Summary Appraisal Report-Submerged Land – Being proposed is a prevailing fee structure for activities over and under water where there is currently none at this time. Therefore, Board action is being requested to adopt the findings of Port Appraisal Consultant relative to submerged land and to forward such findings to the Public Utilities Commission for final approval.

Mrs. Lacson made motion to adopt Appraisal Report regarding Commercial Port of Guam Apra Harbor Submerged Land Study of May 31, 2010 relative to submerged rates as conducted by the Port's Appraisal Consultant Captain, Hutapea & Associates to be forwarded to the Public Utilities Commission for approval, seconded by Mr. Beery. Motion was unanimously approved.

2. Hagatna Marina Dock C Repair – Dock C is currently in a state of disrepair and although facility assessment reveals repair of entire dock at the cost of \$70K with a downtime of three months, it is staff's recommendation to fund the work wherein necessary to render the dock

useful and in manner wherein port personnel can accomplish repairs on an as needed basis and in sections allowing the continued use of other areas of the dock that are not impacted. Docks A & B are ongoing projects using port and federal funds amounting to \$430K, however, dock C was not identified for this fiscal year. A meeting has been arranged for June 23, 2010 with Department of Agriculture to further the matter on the design build of dock B and to also discuss the formal identification of dock C allocations; in the meantime, request is being made in the amount of \$10K to fund the repair of dock C.

The Chairman recalled the damages to dock C and understands that it has only been secured with no major fixes. He asked whether tenants currently occupy the area. Mr. Nelson mentioned that half of that dock facility is usable and is currently occupied. The Chairman asked whether funds have been identified for this project. The Deputy General Manager mentioned that staff will work with the Finance division to identify a funding source. Mr. Beery said he supports the repairs to dock C and the amount proposed, but a scope of work should be developed as well. Mr. Nelson mentioned that the materials for the repair work remains constant, but does understand the point raised by the Board. The Chairman said as expressed by the Commercial Manager, a meeting has been arranged with Department of Agriculture to seek additional funding to address the long term fix to dock C. The Chairman asked the Maintenance Manager for his comments on this issue. Mr. Candoleta said he had assessed the main structure of dock C to be dilapidated and was concerned that any bolts screwed into the old wooden structure would not hold. The Chairman asked whether the \$10K being requested is sufficient for a short term fix. Mr. Candoleta understands that the short term fix is to address the alignment of dock C and deferred to the Facilities Maintenance Superintendent to further explain. Mr. Joe Ragasa, Facilities Maintenance Superintendent explained that the main beam holding the dock in place is old, although patch repair on the dock surface can be done if that is the directive. The \$10K can be used to perform the repair work but does not foresee this type of repair to last six months. He expressed concern that to splice a new timber against an old timber would not be stable enough for support and will eventually break. Having said this, Mr. Ragasa said he does not advise the repair work being proposed. Mr. Beery asked whether a long term fix will be underway. Mr. Nelson reiterated that he will be meeting with Department of Agriculture to identify federal funding for the repairs of dock C for next fiscal year, if not sooner.

Mrs. Lacson made motion to approve the repair of dock C at Hagatna marina of up to \$10,000.00 subject to identifying funding source, seconded by Mr. Beery. Motion was unanimously approved.

e. **Procurement Advisory Committee:** None.

f. **Building Facility Committee:** Mr. Beery presented OAE Task Order Nos. 28-3 and 32 which includes Project Management and Protocol Manual, respectively. He mentioned that the committee has reviewed these task orders and request for Board approval.

Mr. Beery made motion to approve OAE Task Order No. 32 – PAG/MARAD Protocol Manual as funded by the Office of Economic Adjustment, seconded by Mrs. Lacson. Motion was unanimously approved.

The Chairman advised management to encourage MARAD & PMT-EA to proceed with a design-build concept on the OAE 30% design terminal development plan.

Mr. Beery made motion to approve OAE Task Order No. 28 (Amendment 3) – Project Management affecting a reduction of \$172,315.00. Motion was seconded by Mrs. Lacson and was unanimously approved.

OEA Funded Deliverables

As the matter relates, the Deputy General Manager said pursuant to the memorandum of understanding entered into between the Port and the Office of Governor for the Office of Economic Adjustment grants, Port Board acceptance of task order deliverables is required.

Mr. Beery made motion to accept the Office of Economic Adjustment funded deliverables which include the following OAE Task Orders:

- Task Order No. 6 – Hydrographic Survey
- Task Order No. 8 – Master Plan Approval Documents
- Task Order No. 9 – Terminal Analysis & Development Plan
- Task Order No. 10 – Truck Gate and TOS Specifications
- Task Order No. 23 – Topographic Survey
- Task Order No. 24 – UXO Survey

Motion was seconded by Mrs. Lacson and was unanimously approved.

VI. OLD BUSINESS

a. **Legislation for Leases:** The Deputy General Manager said staff continues to work with Senator Tom Ada's office on this matter.

b. **Board Resolution No. 2010-05 – Designation of Signatories:** Mr. Beery made motion to approve Resolution No. 2010-05 relative to the Designation of Signatories for the Port Authority of Guam, seconded by Mrs. Lacson. Motion was unanimously approved.

c. **Board Resolution No. 2010-06 – Pay Grade Reassignment:** (Item addressed under HR committee.)

VII. NEW BUSINESS

a. **Approval-OEA Funded Task Order Deliverables:** (Item addressed under Building Facility committee.)

b. **OAE Task Order No. 32 – Port Protocol Manual:** (Item addressed under Building Facility committee.)

c. **Pay Grade Reassignment Transparency Process – Mobile Equipment Dispatcher:** (Item addressed under HR committee.)

d. **Travel Request:** (Items 1 & 2 addressed under HR committee.)

1. AAPA Special Seminar for Public Port Authority Directors, June 16-17, 2010 at Chicago, IL.
2. AAPA Port Security Seminar & Exposition, July 21-23, 2010 at New Orleans, LA

VIII. PUBLIC COMMENT

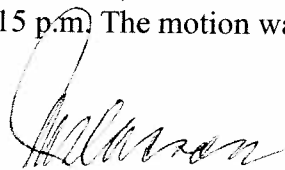
- a. **Port Users Group Comment:** None.
- b. **General Public Comment:** None.
- c. **Employee Comment:** None.

IX. EXECUTIVE SESSION

No Executive Session discussed.

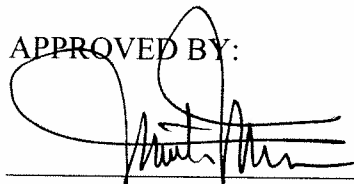
X. ADJOURNMENT

There being no further business to discuss, it was moved by Mr. Beery and seconded by Mrs. Lacson to adjourn the meeting at 6:15 p.m. The motion was unanimously passed.



MARILOU LACSON, Board Secretary, Board of Directors

APPROVED BY:



MONTE MESA, Chairman, Board of Directors

WITH CORRECTIONS AS NOTED.

