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Governor of Guam

**MICHAEL W. CRUZ**  
Lieutenant Governor

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**MINUTES OF THE**  
**REGULAR MEETING OF THE BOARD OF DIRECTORS**  
**Thursday, October 28, 2010**

**I. CALL TO ORDER**

There being a quorum, the regular meeting of the Board of Directors was called to order at 5:05 p.m., Thursday, October 28, 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. Jesse Nasis, Counsel Representative

Also present were Matthew Smith-(OAE) Parsons Brinckerhoff Americas; PMT-EA Representative and Port Management staff.

**II. APPROVAL OF MINUTES**

a. **September 15, 2010:** Mr. Beery made a motion to approve the minutes of September 15, 2010 subject to correction, seconded by Mrs. Lacson. Motion was unanimously passed.

**III. CHAIRMANS REPORT**

a. **Port Week / Kick-Off Ceremony** – Encouraged by a very impressive port week held October 18, 2010. Also, held during that week was the kick-off ceremony for the port modernization program which went very well. Presentations were made with the good showing of Rear Admiral Paul Bushong; General David Bice, JGPO; David Matsuda, MARAD; Jeff Schechtman, Parsons Brinckerhoff; and Joseph Diego, USDA. He thanked Port management team and Board members who worked tirelessly in moving the agenda forward in getting the funding from DOD and USDA loan. He congratulated everyone.

b. **Port Magazine/Reports** - Congratulated the Port team for putting together the Port Modernization Program magazine, the FY 2007-2008 Annual Report and 2009 Port Citizen

Centric Report. He mentioned that these are telling information and should be shared with MARAD, USDA, JGPO, SDDC, DOD, Governor/Lt. Governor, Guam Legislature, and Guam Delegate to Congress.

#### IV. GENERAL MANAGERS REPORT

1. Transition of Port Modernization – A transition conference was held on September 20, 2010 at Sheraton Hotel. Parties included Port, MARAD, PMT-EA and PB. Topics addressed: organizational structure review, work distribution, communication protocol, procurement approach, implementation plan review, design coordination, and document management systems.

2. Industry Day Kick-Off Conference – PMT-EA held a vendor day conference October 21, 2010 at the Hilton Hotel. Topics addressed: MARAD program overview, roles, program status, implementation, forthcoming projects, bidding opportunities, procurement process, and small business subcontracting plan.

3. Kick-Off Ceremony-Port Modernization Program – As mentioned earlier, a kick-off ceremony was held on October 22, 2010 for the port modernization program. This day marked an historic event for the Port Authority, its employees, stakeholders, community as the Port is on its way to a new and improved port terminal facility, upgrades in its terminal operating systems and gate system. Officials from MARAD, USDA, JGPO, PMT-EA, PB were present.

4. DOT Tiger II Grant – The Port was not successful in its application for funding for Hotel Wharf Improvement.

5. CMCC Appointment – The Port received an appointment letter from the Governor dated October 19, 2010 designating the General Manager to serve on the Civil-Military Coordination Council (CMCC) as identified in the Department of Navy's Record of Decision.

6. Port Tours Conducted – A tour was held on September 27 for the 836<sup>th</sup> Tran Batt Commander LTC Gregory Bunn, SGM William Jacobs & SDDC.

7. U.S. Coast Guard Letter – Port Harbor Master received a letter of appreciation from U.S. Coast Guard regarding Port's participation in the Guam Area Maritime Security Training and Exercise Program (AMSTEP) Port Evacuation Plan.

#### V. REPORTS

b. Insurance Report: No insurance report provided for the month of September 2010.

c. Operation Productivity Reports: Mr. Beery asked whether Matson has shared their basic plans with the Port regarding their lay down area at Polaris Point. The General Manager replied positively and said such information was addressed at this morning's meeting with them where it was indicated several oil drums were found during the clearing of the

property. He understands that Matson is targeting November 2010 as a completion date to enable use of such area for staging. Mr. Beery understands that Matson and Horizon are investing to increase their chassis. The General Manager said Horizon is currently using the boonie yard as their chassis staging area. The Chairman advised management to prepare a letter to Matson and Horizon to look into off-site chassis storage in an effort to minimize cargo congestion and to advise on the vessel chassis count report.

Mr. Camacho mentioned that the terminal tariff being proposed addresses the rates relative to chassis versus grounded. He said both Matson and Horizon have been informed that the Port has to position itself to be able to pay its debts and in doing so, the tariff will be reasonably adjusted to achieve this effort.

d. **Marina Report:** The Chairman advised management to ensure the ground maintenance upkeep of Agat and Hagatna marinas and enforce the rules and regulations at the Harbor of Refuge and to work on its facility upgrade.

Relative to the removal of vessels (Coronation, Azuma, Rim Reaper) at the Agat marina, the General Manager said one vessel (Rim Reaper) has been removed from the waters. The two remaining is currently with GSA for bidding process.

All other reports were for Board's information.

**Committee Reports:**

a. **Finance Committee:** Mr. Camacho said the Finance committee met earlier today and addressed the following.

1. **Tristar Pipeline Relocation** – Financial Affairs Controller briefed the committee on the funding source of this project. In the event the Port will be cost sharing this pipeline relocation project, the committee has reviewed possible scenarios of financial impact to the Port funds.

2. **Task Order No. 12 Project Controls and Accounting Service** – discussion took place on this item and the committee is not prepared to act or make recommendation at this time.

3. **Tariff Review Update** – suggested that the Board get to a point of approval for this item and perhaps hold a special board meeting for this purpose as the Port needs to submit the tariff study to the Public Utilities Commission by December 31, 2010. The Chairman said rather than a special board meeting, this item would be better addressed at a working session to allow for review, comment and input. There were no objections. Management was advised to coordinate a working session for November 13, 2010.

4. **Maintenance of Gantry 2 & Gantry 3** – discussion was held on the FY10 expenditures for Gantry 2 which is around \$750K and almost \$2M for Gantry 3 and CIP

expenditures. The budget for maintenance for FY11 on materials, supplies and contractual is \$1.1M. The budget for Gantry 3 on CIP's and maintenance repairs expenditures is \$1.8M.

5. USDA Loan Covenants – the committee reviewed the financial recommendations of management in the USDA loan covenants and concurs to the recommendations regarding the establishment of reserve accounts for debt service, operation and maintenance, capital improvement fund, facility maintenance fund, asset management program to assure the financial viability and sustainability of port operations. Committee also concurs to add covenants that will protect Port's revenues with conditions that it will only be expended for capital and operating cost of the Port and other local facility owned and operated by the Port which are directly and substantially related to port operations.

6. New Concrete Manhole Cover Area "R" – Mr. Camacho made motion to authorize management to proceed in the removal and fabrication of new concrete manhole cover at Area "R" of up to \$15,000.00. Motion was seconded by Mrs. Lacson and was unanimously approved.

7. Fiber Optic Lines – Mr. Camacho made motion to approve up to \$35,000.00 to install Fiber Optic Lines in Warehouse I for the relocation of those operations from Warehouse II and that such amount be charged to the capital project under the grant funding of the \$100K. Motion was seconded by Mrs. Lacson and was unanimously approved.

8. FY2011 Budget – The Chairman asked that a copy of the Fiscal Year 2011 Budget as approved at the previous meeting be provided to the Board members.

9. Transitional Presentation – Mr. Camacho asked for management to arrange a transitional presentation on the port modernization program to the newly elected administration and legislative officials. There were no objections.

b. **Maintenance/Equipment Committee:** The General Manager said the mobile harbor crane has been working for the past 3 weeks; however, is currently non-operational due to a system glitch. Management is working to get the crane back online.

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

1. Budgeted Position Filled – Clerk III (2), Cargo Checker (2), Planner Work Coordinator (2), Stevedore, Computer Operator Specialist, Electrician I. These positions were either vacated based on resignation, retirement or transfer.

2. Grant Writing and Grant Management Course – The planning division personnel will be attending the Grant Writing and Grant Management Courses during the months of November and December 2010. This training course and travel will be at no cost to the Port, but that of the federal government fund through the Port Security Grants Program.

3. Port's Drug-Free Workplace Program – Currently in cost negotiation process.
4. Port Employee Uniforms – Currently under review.

Mr. Camacho asked the status of the key performance indicators for port employees. Mrs. Francine T. Rocio, Personnel Services Administrator said the target date for completion is in two weeks. After approval by the Board, orientations will be conducted to the division heads, supervisors on its implementation, policy, and mechanism of how it should be applied.

d. **Property Leasing/Port Development Committee:** Mr. Glenn B. Nelson, Commercial Manager said the committee met on October 25, 2010 and had discussed several issues, however most notable item requiring Board action relates to Casamar Guam, Inc. He said this matter was forwarded to legal on September 27, 2010 to prepare notice incidental to terminating the lease for reasons relating to financial default and possible non-compliance of terms due to apparent state of insolvency. Mr. Nelson mentioned that in connection to this, the Port Real Estate Consultant recommends to proceed with an appraisal of the lot to determine an appropriate rent level. Such appraisal can be accomplished at a fee no greater than \$5,000.00. Board approval is now being requested for the appraisal to take place.

Mr. Camacho made motion to authorize management to proceed with sourcing the Summary Appraisal Report for Lot No. 5 that is currently being leased to Casamar Guam, Inc. at cost not to exceed \$5,000.00. Motion was seconded by the Vice Chairperson and was unanimously approved.

1. South Pacific Petroleum Corporation – Mr. Camacho asked the status of SPPC. Mr. Nelson said negotiations continue with SPPC. The Appraisers of Record have made contact with a 3<sup>rd</sup> appraiser from Florida. Cost discussions are to continue this week upon the return of Mr. Mark Guber.

2. Mobil Guam – Mr. Camacho asked the status of Area A. Mr. Nelson said the Port held a meeting with Mobil this week and as a result the Port will submit a formal request requiring capital improvements to Area A. He mentioned that the Port's position remains constant in that repairs need to be made and that Mobil is to perform the repairs as Managers to the asset pursuant to the Management Agreement.

e. **Procurement Advisory Committee:** Mrs. Alma B. Javier, Procurement & Supply Manager request for Board's authorization to approve contract award for the Hagatna Marina Renovation & Improvement Phase I Project.

Mr. Beery made motion to approve contract award to Black Construction for IFB No. 10-002 Marina Renovation & Improvement Phase I Project, seconded by the Vice Chairperson. Motion was unanimously approved.

f. **Building Facility Committee:** None.

## VI. OLD BUSINESS

1. **OAE Task Order No. 12 – Project Controls / PAGU University:** The Chairman said since a meeting is scheduled with OEA representative, Mr. Gary Kuwabara tomorrow of which this program is being funded by, asked that this item be tabled in order to seek further clarification on this matter. Mr. Beery expressed concern that there appears to be overlapping relationships with PB and MARAD and have lost sight of taking care of the client that being the Port. For instance, with this task order valued at \$750K seems to basically be for PB to assist the Port simply to monitor MARAD. Mr. Camacho expressed similar sentiments and commented that that it is a lot of money for an overlap. The Chairman said the concern raised is duly noted and that clarification will be sought in the meeting with Mr. Kuwabara.

At this time and without objections, the following OAE task orders were presented.

a. **Task Order No. 33 Environmental Site Assessment Phase II** – is needed in order to be in compliance with NEPA requirements which is expected to be provided to MARAD by January 2011.

Mr. Camacho wondered what components of the master plan project can be competitively placed out on bid. The Deputy General Manager said this task order is still related to the environmental portion of the program. Mr. Camacho mentioned that reference is being made in general terms in that it seems that rather than issuing these projects out to bid it is being presented through task orders to be performed by PB. Mr. Beery said these task orders are all parts of the original scope of work for PB and does not think that it was intended to be competitively bid out. He mentioned that these are the original list of task orders of Task Order No. 1 which is all inclusive. Mr. Camacho expressed concern that how can a determination then be made to ensure best pricing for a project. The Chairman interjected and mentioned that the discussions are good points raised and advised member Beery that his committee is to ensure the review of all task orders moving forward. Mr. Beery mentioned to member Camacho that further discussion can be made off-line. Mr. Camacho agreed.

Mr. Beery made motion to approve OAE Task Order No. 33 Environmental Site Assessment Phase II, funded by DOI, seconded by the Vice Chairperson. Motion was unanimously approved.

b. **Task Order No. 31 Support Service for Gantry Crane Acquisition and Update Technical Specifications** – it has been requested of PB to support the Port in the specifications for the acquisition of a gantry crane. The Chairman understands there to be specifications prepared from prior attempts in purchasing a crane that may still be used and advised management to look into this in an effort to reduce cost.

Mr. Beery made motion to approve OAE Task Order No. 31 Support Services for Gantry Crane Acquisition and Updated Technical Specifications, funded by DOI, seconded by the Vice Chairperson. Motion was unanimously approved.

- c. Task Order Nos. 28 and 29 – deduction/reduction task orders.

Mr. Beery made motion to approve OAE Task Order No. 28.5 Project Management (deduction), seconded by the Vice Chairperson. Motion was unanimously approved.

Mr. Beery made motion to approve OAE Task Order No. 29.2 Design Services (deduction), seconded by Mr. Camacho. Motion was unanimously approved.

At this time, concerns were raised on the implementation plan, protocol manual, duplication of process/projects resulting in wasted funds, construction schedule, focus on product. Management was advised to arrange a conference call with Maritime Administration officials to address these issues.

## VII. NEW BUSINESS

a. **Board Resolution No. 2010-12 – Joseph A. Watson (Retirement):** The Vice Chairperson made motion to approve Board Resolution No. 2010-12 relative to commending and congratulation Mr. Joseph A. Watson on his retirement from the Port Authority of Guam, seconded by Mrs. Lacson. Motion was unanimously approved.

b. **Travel Authorization: Grant Writing and Grant Management Course, Port Security Grant Program:** (Item addressed under HR committee.)

c. **Board Ratification: On-Site Support of TWIC Officials:** The Deputy General Manager said the Port was notified of the closure of the Port of Guam TWIC Center due to the Port's only Trusted Agent was on emergency leave status. To ensure the agreement with L1 Identity Solutions and TWIC is complied with arrangements were made to provide on-site support from a TWIC Instructor and two Trusted Agents from abroad. It is now being requested from the Board to ratify the travel accommodation expenses of these officials.

Mr. Beery made motion to ratify the travel costs and accommodations for TWIC Instructor and Saipan Trusted Agent Representatives in the amount of \$4,564.00. Motion was seconded by the Vice Chairperson and 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 6:30 p.m.

**RECONVENED:** The meeting reconvened at 6:35 p.m.

At this time, the Board went into executive session. Executive Session ended at 6:55 p.m. The Board is now back in regular meeting session.

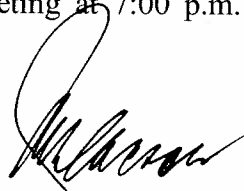
Items addressed in executive session include Guam YTK, Watts Constructors Civil Case No. CV10-00002, PMC Protest and General Manager Performance Evaluation.

The Vice Chairperson made motion to authorize Legal Counsel to move forward with what was discussed in executive session, seconded by Mr. Camacho. Motion was unanimously approved.

Next Board Meeting Date: The Chairman advised that the next Board meeting will be scheduled for November 23, 2010 before the Thanksgiving holiday. There were no objections.

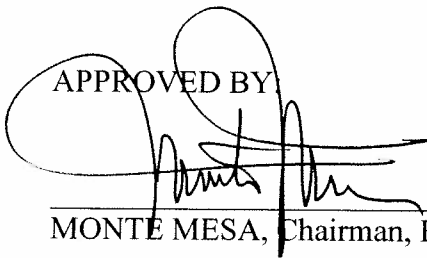
### X. ADJOURNMENT

There being no further business to discuss, it was moved by Mr. Camacho and seconded by the Vice Chairperson to adjourn the meeting at 7:00 p.m. The motion was unanimously passed.



MARILOU LACSON, Board Secretary, Board of Directors

APPROVED BY



MONTE MESA, Chairman, Board of Directors

