



FELIX P. CAMACHO
Governor of Guam

MICHAEL W. CRUZ
Lieutenant Governor

PORT AUTHORITY OF GUAM
ATURIDAT I PUETTON GUAHAN
Jose D. Leon Guerrero Commercial Port
GOVERNMENT OF GUAM

1026 Cabras Highway, Suite 201
Piti, Guam 96925



Telephone: (671) 477-5931/35

(671) 477-2683/85

Facsimile: (671) 477-2689/4445

Webpage: www.portofguam.com

MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
Wednesday, September 15, 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., Wednesday, September 15, 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 – *Telephonic Participation (Executive Session)*

Also present were Trish Granillo/Alan Rixon-AM Insurance; Matthew Smith-(OAE) Parsons Brinckerhoff Americas; Mike Moody-PAG Risk Manager and Port Management staff.

II. APPROVAL OF MINUTES

a. **August 19, 2010:** Mr. Beery made a motion to approve the minutes of August 19, 2010 subject to correction. The motion was seconded by Mrs. Lacson and was unanimously passed.

III. CHAIRMANS REPORT

a. **Board & Management Working Session** – Thanked management and division heads for the working session held September 11, 2010. Encouraged and confident on the Ports efforts in moving forward, more importantly supporting the port modernization program.

b. **Chamber Armed Forces Committee Meeting** – A Chamber Armed Forces Committee meeting was recently held and one of the speaker was General David Bice. General Bice had announced that the Department of Defense is in the process of transferring \$50M to the Port Enterprise Fund. Expected date is September 17, 2010.

c. Port Hole Magazine – Received the October 2010 issue Port Hole Magazine that featured the cruise opportunity for Guam and Micronesia. As part of Port's partnership with Guam Visitor's Bureau a joint advertisement was put together discovering Guam and the region. This is proactive step in promoting the cruise line industry and attracting the smaller cruise to potentially put Guam and the Micronesian region as a hub in the future.

IV. GENERAL MANAGERS REPORT

1. 40ton Condensing A/C Unit – The 40ton A/C unit at the Admin. Building was completed August 27, 2010. Work to clean the air ducts were made prior to running the unit.

2. Board & Management Working Session – As earlier mentioned, he was honored to lead the management staff and is pleased to be working with a cohesive team which are the same personnel that will move forward on the military buildup and the port modernization.

3. Change of Name – Off of Route 18 (Marina Drive) – Met with Piti Mayor Ben Gumataotao to address the possibilities of changing the name Marina Drive in Harbor of Refuge area in honor of the late Mr. John Gerber. Mayor Gumataotao will bring this request before the Mayor's Council.

4. Marina Users Group – A Marina Users Group meeting was held on September 7, 2010. MUG will look into forming a committee to ensure all concerns are addressed.

5. DOT Tiger II Grant – On September 7, met with Congresswoman Bordallo and her staff to gain support on the Ports application. This grant will help support hotel wharf.

6. Public Hearings - Two public hearings were held. Bill Nos. 401-30, 402-30, 403-30 relative to the transfer of the port property to ancestral lands commission on August 27, 2010; and September 15, 2010 on Bill No. 442-30 authorizing extension of lease between Port Authority and Cementon Micronesia for a term up to 20 years.

7. Presentation/Port Tours Conducted – A tour was held on September 9 for NAVFAC representative and the Department of Defense of the Inspector General on September 10. Management conducted a presentation for DOD-IG and was very pleased with the information received and the assistance provided. He represented to DOD-IG of the concern to ensure no cargo activity is conducted at the inner harbor.

At this time and without objection, the members addressed the Finance committee report.

V. REPORTS

Committee Reports:

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

1. USDA Letter of Conditions – Management held teleconference with USDA to clarify the existing conditions addressed in the letter. The Port and USDA have agreed that recommended revisal of conditions may be submitted later. Due to the timeframe, the fiscal year end and submission to Washington to approve loan obligations, the committee recommends approval to move forward with the final execution of such documents.

Mr. Camacho made motion to authorize the Port Authority General Manager to be the authorized signatory for both the USDA Community Facilities Direct Loan not to exceed \$25M as well as the USDA Community Facilities Guaranteed Loan (ANZ) not to exceed \$25M; authorize management to sign off in the Letter of Intent to Meet Conditions of USDA for both loans; to approve the Request for Obligation of Funds for both loans; and to ensure proper loan covenants to protect the revenues of the Port Authority. The motion was seconded by Mr. Beery and was unanimously approved.

2. Attorney General Procurement Review-USDA/ANZ Loan Status – Pursuant to Public Law 30-157, the Attorney General has oversight of the procurement process that is estimated to result in an award of \$500K or more. As such, the Port received on September 13 the Attorney General's review of the banking loan services for the procurement of cargo handling equipment, RFP No. 07-006 and found there to be no discrepancies or violations of the Guam procurement law and that the Port is to proceed accordingly with the loan process.

As the item relates, the Board entertained the following under old business.

b. Board Resolution No. 2010-10 – USDA/ANZ Loan \$3.5M (Old Business): Mrs. Lacson made motion to approve Board Resolution No. 2010-10 relative to the USDA/ANZ Loan \$3.5M, seconded by the Vice Chairperson. Motion was approved by a majority vote. Member Camacho abstained.

3. Financial Model Update-New Cargo Forecast Report Status – Mr. Camacho recalled at the previous meeting the Board had approved OAE Task Order No. 13 for work to commence on updating the cargo forecast; however discussions were held in the Finance committee that since JGPO will be updating the cargo forecast even further after the record of decision is made, wondered whether PB would be performing this work all over again with the new cargo forecast made by JGPO. The Financial Affairs Controller was directed by the committee to ensure PB's work is flexible enough without having to go through this whole exercise and costing the Port additional funding. The Chairman asked Mr. Matthew Smith-OAE the status of the work. Mr. Smith said the team is about two weeks into this project. Mr. Camacho emphasized that if a new cargo forecast is provided by JGPO, then the Port should not have to expend any more funds updating the numbers again. The model should be flexible enough to perform any updates necessary to obtain a new result. He mentioned that if the model is not flexible enough to perform this function then the deliverables will not be what is needed. Mr. Smith reminded the members that at the previous meeting it was mentioned that the model was not designed as a user input model. Back then this option was made available to the Port to create a model that had a user interface that can be updated over time; however the Board made a decision to move forward with the least expensive alternative. With that said, Mr. Camacho

pointed out that a decision needs to be made on whether to advise OAE to stop work on this task until a new cargo forecast is made by JGPO. Mr. Beery asked the reason behind updating the cargo forecast. Mr. Camacho said this relates to the USDA loan of \$14M that is obligated for the acquisition of the gantry cranes. He mentioned that USDA has asked the status on whether the Port will de-obligate those funds and in order to come to that determination, the Port has to determine whether its borrowing capacity has changed in light of the new cargo forecast and other assumptions.

After some discussion, the Deputy General Manager pointed out that \$7M of the \$14M USDA loan does not expire until the year 2011 and the other remaining \$7M million expires 2012 which indicates there is time. Mr. Camacho asked management to advise USDA to continue with the obligation of the loan until the completed updated feasibility study.

Going back to the point raised by Mr. Camacho, Mr. Beery mentioned that it seems JGPO may soon be providing a new cargo forecast based on a real schedule and suggested to defer this task from OAE until such time JGPO's numbers are provided to avoid duplication in effort and potential additional cost. The members agreed and the Financial Affairs Controller was advised to work with OAE to hold off on finalizing the update relative to the cargo forecast until a new cargo forecast information is provided, but to continue with the other assumptions needing to be updated. This exercise should not be an additional expenditure of the Port.

4. Marina Lock Box Account – Discussion also took place on the desire to have a separate funding for the marina capital projects and repairs/maintenance. The committee advised the Financial Affairs Controller to explore setting up a lock box account to reserve a portion of the funds collected out of the marinas to go toward those needs.

5. Removal of Agat Marina Problematic Vessels – This matter was brought before the committee for a capital expenditure request of \$26,990.30 to remove from the Agat marina problematic vessels. Mr. Camacho said there are three vessels sitting idle and occupying slips which pose a hazard to the facilities. The question posed from the committee is the plan to dispose those vessels. Mr. Glenn B. Nelson, Commercial Manager said the plan on the removal of three vessels, namely Coronation, Azuma and Rim Reaper are presented in the following options: 1) tow vessels out of Agat marina to the former Mobil Yacht Club for mooring; 2) tow vessels out of Agat marina to F-4 for purposes of lifting out of water using port personnel and equipment to be staged at the southeastern end of the container yard (old boonie lot). Staff recommendation is to proceed with option two. He mentioned that although option two would be a more costly approach, this would afford the ability to completely clear those vessels from the waters. With option one which will simply be moored at a different location, this case being Mobil Yacht Club, there are liability and risk concerns such as damages or break-away from moorings due to inclement weather. The Chairman recalled there being another ship that required removal of its oil and that U.S. Coast Guard (USCG) was suppose to take it out and sink it. The General Manager said that incident was a directive from USCG to remove all hazardous liquids/fuel which was completed, but the boat is still there. He mentioned that the preference is to take the boat out and place on land than to have it runaway and damage the pier and other boats. The Chairman asked why place those boats on land when it could be taken out and sunk.

Mr. Nelson said there is a greater cost associated with scuttling the vessels in that the fluids, oils, engines need to be removed. There is some salvage ability in terms of scrap from two of those vessels. The Deputy General Manager said according to USCG, in order to sink a vessel, the vessel has to be gutted; a hazardous plan and disposal plan need to be provided. The General Manager said there are three boats in Agat marina that is occupying space and the Port is losing revenue on those slip and is basically an insurance liability issue. He suggested to take it out of the water and place it on land, then decide next course on whether to auction off or cut it up, but at least it's out of the water. The Chairman expressed concern that so long as it is not staged on port property for a long period as the demand for property is valuable at this point. If the action plan is to get it out of the water to ensure there is full execution of further disposal once on port property. Mr. Nelson said the target date for complete removal from water and staging area on land is three months.

Mr. Beery made motion to authorize management to move forward with disposing the three vessels: Coronation, Azuma and Rim Reaper from Agat Marina onto port property for up to \$26,990.30, seconded by the Vice Chairperson. Motion was unanimously approved.

6. FY2011 Budget – Committee recommends approval of the Port's Fiscal Year 2011 Budget with the condition that the Financial Affairs Controller include interest expense in the summary report and anticipated reserves for future capital replacement, repair and maintenance that falls in line with the financial feasibility study. At this time, Mr. Jose B. Guevara, Financial Affairs Controller presented the following: 1) 5 year Revenue/Expense Forecast for FY2011 to FY2015; 2) Cash Flow Forecast for FY2011 to FY2015; and 3) Vacant Positions/New Positions.

Mr. Camacho made motion to approve the Fiscal Year 2011 Budget subject to adjustments to be made by the Financial Affairs Controller as a result of the Finance committee meeting held this afternoon, also with the caveat that the USDA Loans could shift depending upon the outcome of discussions with USDA and the Maritime Administration on how those funds should be used and be in sync with the grant funds. Motion was seconded by Mrs. Lacson and was unanimously approved.

7. PB Invoice funded by PAG – Mr. Guevara said for the past two fiscal years there was an approved budget for \$2.3M to assist in the port modernization plan intended for the A&E services. There were several task orders that recently revealed that it does not fall within the scope of the \$2.3M matching funds for the EDA grant. This was determined when MARAD released EDA grant to the Port. These task orders were approved and completed which totaled \$817,499.00. Any task not part of the scope needs to be funded by the Port. The Deputy General Manager recalled when EDA awarded the \$2M grant, MARAD took those funds which did not go directly into the Port account. The first two years the Port did not know whether those funds would be given to the Port, so the \$2.3M matching funds were used on assigned task orders. Recent developments revealed that MARAD decided to give the Port the \$2M wherein the Port is then obligated to provide a matching amount of \$2.3M. As a result, all those task orders paid for under the \$2.3M, staff had to shuffle grants. Those task orders that did not meet the scope under the EDA grant will have to be funded by the Port. Mr. Camacho understands

that some of those task orders cannot be funded using federal funds, such as ARRA, USDA, so forth and would now have to be paid for by the Port. He recalled then that the Port was moving the projects along without federal funding at some point. The Deputy General Manager emphasized that when the Port actually paid those task orders using the \$2.3M was done without knowledge that the EDA grant was going to come back to the Port. The Chairman asked whether this impacts the FY2011 budget. Mr. Guevara said these task order have been expended and therefore needs to be ratified.

Mr. Camacho made motion to authorize management to move forward to fund the excess OAE Task Orders that have been implemented for a total of \$817,499.00 which includes the following:

- TO1: Kick-off & Implementation Plan
- TO2: Participation in Industry Forum III
- TO3: Permit Preparation Trip to Guam
- TO7-4: PMC Advertisement Support
- TO8: Master Plan Approval Documents
- TO11-1: On-Call Consultation and Services (Feb-May)
- TO25: Washington DC Trip Services
- TO26: ARRA Grant Application Services
- TO26-1: USDA Loan Application Preparation Services
- TO26-3: TIGER II Support Services

Motion on the floor was seconded by the Vice Chairperson and was unanimously approved.

At this time and without objections, the members entertained item b. Board Resolution No. 2010-11 – Tariff Consultant Services under old business.

b. Board Resolution No. 2010-11 – Tariff Consultant Services: The Vice Chairperson made motion to approve Board Resolution No. 2010-11 relative to the approval of the Tariff Consultant Agreement between the Jose D. Leon Guerrero Commercial Port and Cornell Group, Inc., seconded by Mr. Beery. Motion was unanimously approved.

At this time and without objections, the members entertained item b. Insurance Renewal under new business.

b. Fiscal Year 2011 Insurance Renewal: Ms. Trish Granillo, AM Insurance announced the presence of Messrs. Alan Rixon, London Underwriter and Mike Moody, Port's Risk Manager. She presented the fiscal year renewal premiums as follows:

	<u>FY 2010</u>	<u>FY 2011</u>	<u>Remarks</u>
Property & Equipment:	\$2,220,000.00	\$1,732,500.00	Option Proposed on Cat Deductible @ \$1M Additional Premium: \$225K / \$1,957,500.00
Directors & Officers Liability:	\$ 38,615.00	\$ 38,615.00	FY2011 – <i>indication only</i>
Automobile Insurance:	\$ 27,682.18	\$	1. Option 1–Third Party liability \$5,333.00 Option 2–Comp/Coll \$44,350.00 2. Option 1–Third Party liability (No Quote) Option 2 – Comp/Coll \$30,035.00 (12 Vehicles Only)
Crime Insurance:	\$ 21,615.00	\$ 15,510.00	

Relative to property and equipment coverage, Ms. Granillo said being that Guam has not experienced a catastrophic occurrence for quite some time, an option (deductible buy down) is being offered to the Port that reduces the current deductible from \$2.350M to \$1M which will result in an additional premium of \$225K. Should the Port elect to choose the lesser deductible, total annual premium for property and equipment will amount to \$1,957,500.00. She also mentioned that one other improvement to the insurance package is for Flood/Earthquake, rather than based by *aggregate*, is now *any one occurrence*. Mr. Moody said when there is an aggregate amount of cover it is used once during the year, but by having removed that limitation, the policy holder can have any number of catastrophic claims and still be covered. Mr. Beery asked whether this enhancement is separate from the deductible buy down. Ms. Granillo replied negatively and said the deductible buy down comes with the enhancement.

Mr. Moody suggested for the Port to look into an Operations Maintenance Renewal and Replacement Reserve Fund (OMRF) which is a maintenance and reserve fund. This allows the Port to put aside and sequester funds for a rainy day for repairs or losses. He mentioned that if there is a reserve fund, no money is spent on insurance. The offer being proposed by the Underwriters is a reduction of about \$1.4M in the deductible for a price of \$225K and the Port team was able to save an additional \$400K which amounts to a total savings of \$600K. Mr. Moody asked that he be able to discuss this further with Mr. Guevara and look into exploring the OMRF Fund that will allow the Port to establish a self-insurance fund. Having said this, he commented that it may not make sense to purchase the deductible buy down at this time. Mr. Moody asked whether Mr. Rixon is able to allow time until mid October for the Port to determine to purchase the buy down. Mr. Rixon replied positively as long as there are no catastrophic event that occurs now thru then. Mr. Moody suggested for the Port to defer the purchase of the buy down at this point.

Mr. Beery made motion to authorize management to proceed with the Fiscal Year 2011 insurance coverage up to the buy down deductible consideration as well as the third party liability coverage for the auto insurance of a total not to exceed \$2,032,400.00 in insurance premium. Motion was seconded by Mrs. Lacson and was unanimously approved.

The Chairman asked Mr. Moody to look into the Owners-Controlled Insurance Program (OCIP) Wrap-Up to determine how it could be beneficial to the Port as well as the port modernization program.

Referring back to items under Reports.

V. REPORTS (cont.)

- b. **Insurance Report:** No insurance report provided for the month of August 2010.
- d. **Marina Report:** (Item addressed under Finance committee)

e. **Safety Report:** Mr. Francisco Roberto, Safety Administrator presented the Safety Report and mentioned that for this reporting period there is no work injury and no industrial accidents. For information, he said that U.S. Coast Guard will be conducting an the annual inspection of the Port on Monday, September 20, 2010.

Committee Reports (cont):

b. **Maintenance/Equipment Committee:** For information, Mr. Ernest G. Candoleta, Maintenance Manager said the Quadrennial Inspection is slated for Tuesday, September 21, 2010.

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

1. **Budgeted Position Filled** – Winch Operator for the Stevedoring Division. This position was either vacated based on resignation, retirement or transfer.

2. **2010 Performance Evaluation-Interim Procedures** – The Port implemented its new classification and compensation plan last year October 2009. The major changes were the performance appraisal process and mechanism on how the salary increments are to be granted to the employees. However, as the new procedures is yet to be completed, it is being requested that Board approve to allow management to use interim procedures until such time the Port's Consultant, Mr. Alan Searle is able to finalize the new procedures. She mentioned that Mr. Searle is currently on a medical family emergency. The Chairman asked the difference in terms of the rating structure. Mrs. Francine T. Rocio, Personnel Services Administrator said the difference is how the steps will be applied upon the rating. Under the Hay Plan the overall rating for satisfactory, highly satisfactory and outstanding will receive a 3.5% salary increment across the board. With the new plan is based on a point system using zero thru six sub-steps. The Chairman asked whether the evaluation part of the rating structure is being considered because the new compensation plan is performance base. Mrs. Rocio replied positively and said the request before the Board is to allow management to use the existing performance evaluation form until the new form is established which is expected to be completed by end year. The Deputy General Manager clarified that the employees will continue to be rated on job performance factors; factor affecting job performance and supervisory and/or technical ability. She mentioned that based on the overall evaluation rating earned, employees will be entitled to incremental increases based on the following:

- Unsatisfactory Performance – no salary increment
- Satisfactory (Marginal) – 2 sub-steps
- Satisfactory – 3 sub-steps
- Satisfactory (Highly) – 4 sub-steps
- Outstanding – 5 sub-steps

An additional sub-step will be granted to those employees who obtained certification, licenses or educational achievements during the period.

Mr. Camacho asked whether the performance evaluation can hold off until the new procedures are in place because by granting salary increases using a structure not intended for the new compensation plan cannot be taken back. The Deputy General Manager said the salary increments for the employees on the classification and compensation plan is due October 13, 2010. The Vice Chairperson shares the same concern as Mr. Camacho in that if the increases are granted using the 'old system' not intended for the new compensation plan would be difficult to take back, especially on employee's wages. Secondly, hard work was put into getting this new comprehensive plan and the perspective on setting key performance indicators as standard and raising the professionalism of the agency to a world class level. If the final product of the new procedure will be completed in a couple of months from now, then why not hold off. This is to avoid the wrong impression on how the evaluation method and structure is to be applied and by moving forward there's that risk. The Deputy General Manager said the new evaluation form that was to be implemented identifies key performance indicators for each position which is used to advise the employees that this is what is needed to be performed and be achieved; however, even if the form was established it cannot be used at this time because that process in identifying KPI's for each position is not completed. The evaluation form that Mr. Searle is developing is very comprehensive that orientations with division heads/supervisors on how to implement these new procedures still need to take place. Mr. Camacho expressed that he is not in favor of granting increments based on an old methodology when a new compensation plan has been approved. He said there was ample time to get this whole new compensation program and process implemented which includes: training, orientation, forms, procedures and does not understand why it is not in place today. Mr. Camacho mentioned that he recognizes the work of the employees are good, but the method by which the new compensation plan on salary increment is to be applied should not be deviated. The Deputy General Manager apologized before the Board and mentioned that the consultant is currently out on a family medical emergency and understands his return to be next month. She explained that the old performance evaluation compared to the new performance evaluation is basically the same as it both includes similar job performance factors. The only difference is the KPI's. Under the old method, the division heads/supervisors use the job specifications as a basis to evaluate whether the employee is performing the work. The General Manager pointed out that there is a draft KPI for managers already established which is with the personnel division and the consultant for review and refinement. The Deputy General Manager said these KPI's can be used using the existing performance evaluation form. Mr. Camacho commented that as long as the employees are held accountable for key performance indicators has no problems proceeding with this approach. He expressed that the relevant issue here is holding the employees accountable on their performance using key performance indicators, not whether the new procedural form is completed or not. After discussion, clarification was made that KPI's have yet to be established for non-supervisory level positions, but only that of the managers and as such, cannot enforce KPI's upon those employees that were not made aware of their expected performance.

Mr. Beery asked when the key performance indicators would be established for all employees. The Deputy General Manager said by next month. Mr. Camacho clarified that since the salary increment is just next month, asked whether employees have already been evaluated without KPI's. The Deputy General Manager replied positively. The Vice Chairperson said because the employees has been evaluated for last years' performance, she commented that there

is this performance for the past year, but there is also setting expectations for the coming year. Mr. Beery agreed that the interest here is the performance for next year than the previous year, so once the KPI's are developed next month, these can then be discussed with the employees on their expected performance and goals to be achieved by next year 2011. There were no objections.

Mr. Beery made motion to authorize management to proceed with using the current performance evaluation form in the interim, however, key performance indicators is to be established for each position to be used for 2011 performance evaluation, seconded by Mrs. Lacson. Motion was unanimously approved.

3. Travel Authorization

a. New Mexico Training – During the months of October – November 2010, New Mexico Tech in conjunction with Guam Homeland Security has offered the Port to participate in the upcoming Incident Response to Terrorists Bombing, as well as, Preventive and Response to Suicide Bombings Incidents. The IRTB training is scheduled on October 26-29, 2010 followed by the PRSBI scheduled November 1-5, 2010. As there will be a three day break, the Port is responsible to pay meals/lodging, car rental and fuel for that period totaling \$4,377.58 and understands that transportation/fuel cost is reimbursable to the Port. It is now being requested for Board to approve seven port personnel participation in this training.

Mrs. Lacson made motion to approve travel authorization for seven port employees to participate in the New Mexico Tech in conjunction with the Guam Homeland Security on the following trainings: Incident Response to Terrorists Bombing October 26-29, 2010 and Preventive/Response to Suicide Bombings Incidents November 1-5, 2010 of up to \$4,377.58 with the condition that the transportation and fuel cost totaling \$1,841.58 will be reimbursed to the Port. Motion was seconded by Mr. Beery and was unanimously approved.

b. FEMA Training – The Port has been accepted to participate in the Department of Homeland Security, United States Fire Administration's National Emergency Training for Public Information Officer Course for the month of October 2010. This training will be attended by two personnel in the Marketing division. Total travel amount for both dates is \$5,573.56 which will be fully reimbursed by FEMA.

Mr. Camacho made motion to approve travel authorization for two Marketing personnel to attend the Public Information Officer Course, National Fire Academy/Emergency Management Institute of the Federal Emergency Management Agency (FEMA) in Maryland on October 4-7, 2010, October 11-15, 2010 and October 18-22, 2010 of up to \$5,573.56 to be fully reimbursed back to the Port by FEMA. Motion was seconded by Mr. Beery and was unanimously approved.

4. Port's Drug-Free Workplace Program – Currently in cost negotiation process.

5. Port Employee Uniforms – Currently under review.

- d. **Property Leasing/Port Development Committee:** None.
- e. **Procurement Advisory Committee:** Mrs. Alma B. Javier, Procurement & Supply Manager presented the following items.
1. **PMC RFP PAG-010-003** – Hearing date on the appeals of the performance management contract request for proposal is scheduled for September 30, 2010 before the Office of Public Accountability.
 2. **Indefinite Delivery Contract** – Request for Board’s authorization for management to proceed with an indefinite delivery contract for architectural/engineering (A&E) and construction management (CM) services. The primary purpose for procuring this service is to supplement the Port’s engineering work force on an as needed basis in performing the facilities engineering and implementation of capital improvement projects of the Port in all phases of design and construction, including maintenance and operational engineering of the port facilities. This method avails the Port with the opportunity to choose from a list of different firms, with different engineering disciplines and when the need for a design or CM services arises, it is already in place. This will be task order driven specific to a particular project. She said the process of award is still in the works, however the approach is that dependent on a specific job those on the list will be asked to submit a cost proposal and then determine best firm on lowest bid. Mr. Beery expressed that he does not believe that process can work for an A&E service because it cannot be based on price. She mentioned that this approach is performed after the solicitation is made and a contract is already in place with several qualified firms. Mr. Simeon Delos Santos, Engineer Manager commented that he has not seen the proposal being presented by Ms. Javier and is too premature to be discussing this matter before the Board. He said he disagrees with the proposal as it limits other private companies who want to do business with the Port and participate in port projects because of the contract term. Mr. Delos Santos asked that this matter be further addressed at the management level for there are other concerns, such as liability issues, engineer obligation to owner, failure in design, etc. that need to be considered. Mr. Beery suggested to consider what Navy practices called the design/build max method. Ms. Javier said the idea is to issue an RFP, then evaluate the technical expertise, then award based on evaluation ranking. The contract will not have a dollar value as it will be task order driven. Prior to awarding the task order will be subject to cost negotiation, detailing specific work, deliverables and deadlines. The idea is to expedite the process on port projects. Mr. Beery said the approach is good, but suggested to gear it towards construction rather than design. The Chairman asked what other government agency is practicing this method. Ms. Javier said the Airport Authority. The Chairman said as there are several concerns on this matter, he mentioned to defer this matter at this time for management to further refine this concept to ensure all concerns are addressed.
- f. **Building Facility Committee:** None.

VI. OLD BUSINESS

a. **Board Resolution No. 2010-10 – USDA/ANZ Loan \$3.5M:** (Item addressed under Finance committee.)

b. **Board Resolution No. 2010-11 – Tariff Consultant Services:** (Item addressed under Finance committee.)

c. **OAE Task Orders:** The Deputy General Manager presented the following:

1. **TO14.1 – Marine Biota Characterization Study** – The federal government requested a staff change in the amount of \$6,833.00. Funding source OEA.

2. **TO15.1 – Water Chemistry Characterization** – No cost change. Funding source OEA.

3. **TO23.2 – Topographic Survey** – The scope of work was adjusted to include the carving out of the cabras industrial park in an amended amount of \$285,898.00. Funding source OIA.

4. **TO28.4 – Project Management** – A cost reduction in the amount of \$210,542.00.

5. **TO29.4 – Marine Design** – Funding source EDA, PAG-EDA, DOI, OIA at \$1,500,947.00.

6. **TO29.5 – TOS, GOS & Satellite IT** – Funding source DOI at \$360,235.00.

Mr. Beery made motion to approve the following OAE Task Orders:

- Task Order No. 14.1 – Marine Biota Characterization Study
- Task Order No. 15.1 – Water Chemistry Characterization
- Task Order No. 23.2 – Topographic Survey
- Task Order No. 28.4 – Project Management
- Task Order No. 29.4 – Marine Design
- Task Order No. 29.5 – TOS, GOS & Satellite IT

Motion was seconded by Mr. Camacho and was unanimously approved.

VII. NEW BUSINESS

a. **Budget Approval – Fiscal Year 2011:** (Item addressed under Finance committee.)

b. **Fiscal Year 2011 Insurance Renewal:** (Item addressed under Finance committee.)

c. **Performance Evaluation – Interim Procedure:** (Item addressed under Human Resources committee.)

d. **New Mexico Tech Training – Guam Homeland Security:** (Item addressed under Human Resources committee.)

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 8:15 p.m.

RECONVENED: The meeting reconvened at 8:20 p.m.

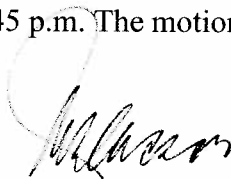
At this time, the Board went into executive session. Executive Session ended at 8:40 p.m. The Board is now back in regular meeting session.

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

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

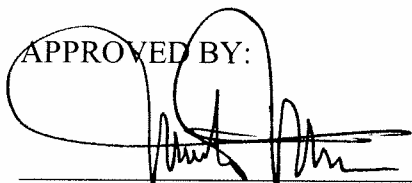
X. ADJOURNMENT

There being no further business to discuss, it was moved by Mrs. Lacson and seconded by Mr. Beery to adjourn the meeting at 8:45 p.m. The motion was unanimously passed.



MARILOU LACSON, Board Secretary, Board of Directors

APPROVED BY:



MONTE MESA, Chairman, Board of Directors

