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Governor of Guam

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Ray Tenorio  
Lieutenant Governor

**MINUTES OF THE  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
Thursday, August 25, 2011**

**I. CALL TO ORDER**

There being a quorum, the regular meeting of the Board of Directors was called to order at 11:50 a.m., Thursday, August 25, 2011. Present at the meeting were:

Daniel Tydingco, Chairman  
Michael Benito, Vice Chairman  
Jovyna Lujan, Board Secretary  
Eduardo Ilaio, Board Member  
Shelly Gibson, Board Member  
Pedro A. Leon Guerrero, General Manager  
Anisia B. Terlaje, Deputy General Manager  
Atty. Mike Phillips, Legal Counsel

Also present were Jimmy Camacho-Senator Tom Ada's office; Rick Bordallo-Phillips & Bordallo Law Office; AnnMarie Muna-AM Insurance; Jack Mowreader-PMT EA; Jim Ripple-API; John Limtiaco-Far East Equipment; Thelma Hechanova-Occam Solutions; Ray Benavente-FCB Planners; Mark Cruz-MidPac Far East; Glenn Leon Guerrero-IP&E and Port Management staff.

**II. APPROVAL OF MINUTES**

a. **July 28, 2011:** The Vice Chairman made a motion to approve the minutes of July 28, 2011 subject to correction. The motion was seconded by Mr. Ilaio and was unanimously passed.

**III. OLD BUSINESS**

1. **Financial Report:** The financial report for July 2011 was presented to the Board for information.

2. **Tariff and PUC Status Report:** Mr. Jose B. Guevara, Financial Affairs Controller presented the timeline of the Port's proposed tariff to the Public Utilities Commission (PUC), as follows:

- **June 23** – Port Board of Directors approved the tariff base rate petition through Board Resolution No. 2011-06.
- **June 28** – Official submission of Tariff Rate Base Petition to PUC.

- **August 4** – Teleconference meeting with the Port, Cornell Group (Port consultant), and Slater Nakamura (PUC consultant) to discuss the initial set of questions submitted by Slater Nakamura representatives.
- **August 23** – Received from PUC consultant the second set of questions on the tariff study. The responses are currently being worked on by Cornell and management and will be submitted by August 31, 2011. Upon submission of responses, PUC consultants have advised that it will take them an additional three weeks to complete their review and recommendation to PUC.

Mr. Guevara said upon completion of PUC consultant review, a public hearing will be scheduled. The earliest will be end of September 2011 or early October 2011.

3. **Insurance Report:** The insurance report for July 2011 was presented to the Board for information.

4. **List – Federal Grant / Local Funding Programs:** Ms. Dorothy P. Harris, Chief Planner reported that Planning staff is aggressively working to complete the first draft by September 6, 2011; the pre-application deadline is October 3, 2011 and the application deadline is October 31, 2011 for the ARRA Tiger Grant III application submission.

She noted the preliminary costs identified for the potential projects under this grant are:

- \$1.3M – terminal drainage and pavement repair
- \$2.3M – maintenance supply and rigging building

Ms. Harris announced the Port was awarded about \$2.4M under the Port Security Grant Program. These grant funds will be applied towards the acquisition of an emergency backup generator for the load center as well as a mobile containerized x-ray screening system.

5. **Port Modernization Program – Implementation Plan:** The General Manager said the weekly working session with all stakeholders have been progressing positively. Item that has been addressed is the scope of work for the implementation plan. He extended an appreciation to all parties on this effort. The Vice Chairman also expressed a word of thanks to all parties involved and observed a genuine sense of cooperation. At the last working session, there was discussion on presenting to the Maritime Administration (MARAD) a united front from all parties and had requested the Port Users Group to submit a letter to MARAD supporting the implementation plan as well as the Board and Port management team which addresses the \$50M federal grant funding. He understands that PMT-EA is to provide the cost estimates involved in the implementation plan scope of work in two weeks. The Vice Chairman sought Board concurrence of the implementation plan to allow PMT-EA to proceed with identifying the cost estimates. All Board members concurred with the implementation plan scope of work and congratulated all participants in their efforts of moving this process forward. Without objection, Mr. Jack Mowreader, PMT-EA said the cost estimate for the implementation plan should be completed by September 15, 2011.

6. **USDA \$14M Loan – Process Requirement:** Mrs. Vivian C. Leon, Corporate Services Manager reported after holding numerous meetings with USDA representatives on the direct and guaranteed loans awarded to the Port, USDA had requested for applicable warranties or certifications for the cranes in support of its remaining useful life and a copy of the updated Port financial feasibility report to show Port's capacity to encumber both the \$14M and \$50M loan obligations. Based on this, Board approval is being requested on the following:

1. authorize management to execute amendment to PB task order to obtain certification for the cranes to transmit to USDA;
2. authorize management to change the scope of work for the loan application from new to used crane acquisition;
3. transmit financial feasibility report to USDA; and
4. if the Port desires to pursue and execute the full \$50M USDA loan, authorize management to begin to work with the Port Oversight Committee Chair in amending the Port's debt ceiling legislation.

The Vice Chairman said as to item 2, the amendment on the scope of work should reflect both new and/or used crane acquisition.

Ms. Lujan made motion to approve the following: 1) authorize management to execute amendment to PB task order to obtain certification for the cranes to transmit to USDA; 2) authorize management to amend the scope of work on the loan application to include the acquisition of a used crane, thereby having the option of acquiring new and/or used cranes; 3) transmit financial feasibility report to USDA; and 4) if the Port desires to pursue and execute the full \$50M USDA loan, authorize management to begin to work with the Port Oversight Committee Chair in amending the Port's debt ceiling legislation. The motion was seconded by Ms. Gibson and was unanimously approved.

7. **Task Order 28-9 Project Management:** The General Manager presented a summary of the Port's consultant project management services. He requested Board assistance to engage management on this item in a work session to address any concerns, or issues. Upon satisfactorily addressing all concerns raised, he requested Board approval to authorize management to execute the project management task order.

The Chairman requested member Lujan on her availability to lead this work session. Ms. Lujan replied with no objections to this request.

The Vice Chairman made motion to authorize management to execute OAE Task Order 28-9 – Project Management subject to the condition that management along with the Board satisfactorily address all issues and/or concerns relating to this task order. The motion was seconded by Ms. Lujan and unanimously approved.

8. **Contract Award: RFP No. 11-004 A/E Design Services (Golf Pier):** Mrs. Alma B. Javier, Procurement & Supply Manager said the request for proposal is for the design

services of the Golf Pier project. Upon completion of the procurement process, Board approval is being requested to award the design services to N.C. Macario & Association.

The Vice Chairman made motion to approve the award of RFP No. 11-004 A/E Design Services Contract to N.C. Macario & Associates for the Golf Pier Pipeline Project, seconded by Ms. Lujan. Motion was unanimously approved.

9. **Procurement of Attorney General for Procurement/Conflicts:** The Chairman informed the Board that although the Port currently has acquired professional legal services there may exist matters of conflict which will require the need of a 'conflict counsel'. He mentioned he has engaged the Attorney General's office to assist in these specific areas through designation of a special assistant attorney general and provide services relative to procurement matters as mandated by Public Law 30-157. The Chairman understands the Attorney General's office has provided a list of potential candidates for the Port to review. He said a meeting is scheduled with the Attorney General's office and welcomed Board members to attend, if their schedule permits.

10. **POLA Crane Proposal:** The Chairman acknowledged receipt of a crane proposal. He said the Port is working towards complying with Public Law 30-100 that mandates the acquisition of cranes by December 2012.

11. **Marina Refurbishment:** Mr. Ernest G. Candoleta, Maintenance Manager reported ongoing repairs to Agat marina are:

- Walkway Planks. 400 planks were replaced and completed for docks A, B and C.
- Gussets. 13 gussets, slip reinforcements need to be replaced. Materials are expected to arrive from off-island soon. Estimated replacement completion is in three weeks or no later than next month.
- Lamp Poles. Out of 22 lamp poles, 10 have been replaced. Five at the waterfront area and the remainder at the parking lot.

The Vice Chairman asked whether the trash bin at the Agat marina is for public use. Mr. Candoleta replied negatively, and said it is for tenant use only. The Vice Chairman suggested that the trash bins be better secured as he observed trash piles and waste around the area that does not appear to be from tenants alone.

The Chairman advised Marketing division that once all the repairs are completed to issue news release to the general public demonstrating Port's efforts on the progress and improvements of its areas.

#### Travel Authorization

Without objections, the Vice Chairman recalled that at the last meeting the Board advised that travel be held in abeyance for purposes of Board and management to focus and concentrate on the implementation plan. This Board directive excludes certifications on trainings and seminars; any conferences dealing with grant funds beneficial to the Port or matters relating to the port modernization program. He observed there to be negative press with regard to travel,

specific to the Deputy General Manager attending a reunion in Las Vegas and clarified for the record the main reason for her request was to attend the AAPA Annual Conference in Seattle, Washington.

#### IV. NEW BUSINESS

1. **Preliminary Budget-Fiscal Year 2012**

- a. Payment in Lieu of Taxes
- b. 10% Executive Order

Without objections, the Chairman advised management to arrange a budget working session for next week. The Vice Chairman asked that the capital improvement projects be prioritized.

2. **Port Week Activities 2011:** Mr. John B. Santos, Chairman of the Port Week Committee announced that Port Week 2011 is slated for October 17-21, 2011 celebrating 36 years of serving as Guam's Lifeline and the Port's autonomy. He mentioned to assist in the success of Port Week, several committees will be established to take lead on a variety of functions and activities which include the Opening Ceremony, Grand Finale and other numerous sporting events. Mr. Santos requested for Board approval of \$15,000.00 to transfer to PAGGMA from the Incentive Awards budget allocation. He noted that PAGGMA will administer the disbursement of funds to the committees and a financial report will be submitted to the Finance division upon completion of Port week.

The Chairman asked a budget expense of the port activities be provided to the Board.

The Vice Chairman moved to authorize the General Manager to transfer \$15,000.00 from the Port Incentive Awards budget allocation and disburse to PAGGMA for the Port Week 2011 activities. The motion was seconded by Ms. Lujan and unanimously approved.

#### V. PUBLIC COMMENT

**POLA Crane Proposal**

Mr. John Limtiaco, Far East Equipment asked whether the Port will reveal who submitted the unsolicited POLA crane proposal. The Chairman said as it is unsolicited and to ensure compliance with the procurement law, the preference is to not disclose any information at this time to make sure this process is not adversely impacted.

**Labor Day Picnic – September 4, 2011**

Mr. Santos announced that PAGGMA Association is hosting the Labor Day Picnic to be held on Sunday, September 4, 2011 at 11:30 a.m., Ypao Beach Park and encouraged the members, their families and friends to attend. The Port designated area is directly behind Guam Visitors Bureau in Tumon. There will be food, entertainment and fun activities.

Birthday Celebration

The Chairman extended a warm birthday wish to Mrs. Vivian C. Leon, Corporate Services Manager. Everyone congratulated Mrs. Leon.

**VI. EXECUTIVE SESSION**

**RECESSED:** Meeting recessed at 12:45 p.m.

**RECONVENED:** The meeting reconvened at 1:00 p.m.

At this time, the Board went into executive session. Executive Session ended at 2:35 p.m. The Board is now back in regular meeting session.

Items addressed in executive session include:


1. Protocol / Directive / Procedural Guidelines: Commercial, Procurement, Personnel
2. Review of Leases
3. Guam YTK
4. Tristar
5. GM Performance Evaluation
6. Off-Island Travel
7. Performance Management Contract (PMC)

**VII. ADJOURNMENT**

There being no further business to discuss, it was moved by Ms. Lujan and seconded by Mr. Ilao to adjourn the meeting at 2:35 p.m. The motion was unanimously passed.

  
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JOVYNA S.A. LUJAN, Board Secretary, Board of Directors

APPROVED BY:

  
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DANIEL J. TYDINGCO, Chairman, Board of Directors

