



Eddie Baza Calvo
Governor of Guam

PORT AUTHORITY OF GUAM
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Ray Tenorio
Lieutenant Governor

**MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, January 20, 2011**

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, January 20, 2011. Present at the meeting were:

Monte Mesa, Chairman
Jovyna Lujan, Vice Chairperson
Marilou Lacson, Board Secretary
Joseph Camacho, Member
William Beery, Member
Pedro A. Leon Guerrero, General Manager
Vivian C. Leon, Deputy General Manager, *Interim*
Atty. Anthony Perez, Legal Counsel

Also present were Jimmy Camacho-Senator Tom Ada's office; Rick Agustin/Cindy Agustin; Ernst & Young Representatives; Matt Smith-PB/OAE; Chip Brown-PMT EA and Port Management staff.

II. APPROVAL OF MINUTES

a. **December 16, 2010:** The Vice Chairperson made a motion to approve the minutes of December 16, 2010 subject to correction. The motion was seconded by Mr. Beery and was unanimously passed.

b. **December 30, 2010:** The Vice Chairperson made a motion to approve the minutes of December 30, 2010 subject to correction. The motion was seconded by Mrs. Lacson and was unanimously passed.

Before proceeding with the order of business, the Chairman mentioned that items to be entertained first are as follows: General Manager Appointment and Audit Report. There were no objections.

III. CHAIRMANS REPORT

a. Board of Directors - For clarification purposes, the Chairman noted that since none of the sitting members of the Port Authority of Guam Board of Directors received a thank you letter from the new Administration that such appointment to this board continues. In the case of member Camacho whose term expired on December 20, 2010, and as opined by counsel, he may continue to serve for ninety calendar days, plus three legislative days until he, or another person is appointed by the Governor and confirmed by the Legislature.

b. APP 2010 Mid-Year Conference – Main objective was to strengthen the relationship with other ports, as well as APP in ensuring that appropriations available for small ports and lobbying efforts continues to get the association to support small ports initiative. Follow up was also made on the cruise ship industry and suggestion was made to liaison with similar ports of operations. Also had the opportunity to conduct a presentation before the members and participating parties at the conference on the Port Modernization Program.

c. Micronesia Cruise Association – As discussed in the previous meeting, the Port Authority is a charter member of this association and the first working session is scheduled for January 22, 2011 at Guam Visitors Bureau office. A press release was issued on the cruise association which is a non-profit association comprised of other island governments as well as national tourist office are involved in shaping this regional concept.

At this time and without objections, the members entertained item 1. Appointment of General Manager under new business.

1. Appointment of General Manager: The Chairman asked for the Board to ratify the recommendation from Governor Eddie Calvo on his appointment of Pedro A. Leon Guerrero, Jr. as the General Manager of the Port Authority of Guam. Mrs. Lacson made motion to ratify the appointment of Pedro A. Leon Guerrero, Jr. as the General Manager of the Port Authority of Guam, seconded by Mr. Beery. Motion was unanimously approved.

IV. GENERAL MANAGERS REPORT

1. Group Session – Week of January 10, 2011 – A group session was held with representatives of Port management, OAE, MARAD, PMT-EA relative to the port modernization.

2. Oversight Chair Meet – Courtesy call was made with Port Oversight Chair on January 20, 2011 to discuss general matters on port issues.

The Chairman understands that the Oversight Chair and his committee members request a port presentation on the modernization program to be held on February 4, 2011 at 2:00 p.m. The General Manager replied positively and that it will be held at the Port Board Conference Room.

3. Senator Adolpho Palacios-Committee on Public Safety, Law Enforcement - Made courtesy call with Senator Palacios on January 19, 2011 relative to public safety and law enforcement general matters.

4. Presentation/Port Tours Conducted – A presentation on port modernization was held on December 28, 2010 for Black Construction.

At this time, the members entertained item 3. Audit Report-Fiscal Year 2010 under new business.

3. **Audit Report – Fiscal Year 2010:** Mr. Jim Whitt, Ernst & Young presented the audit report of fiscal year 2010 of the Port Authority of Guam. Audit performed using Generally Accepted Auditing Standards and Generally Accepted Government Auditing Standards. Objective was to perform the audit on a risk-based approach to express an opinion on whether the Port's basic financial statements are presented fairly in accordance with the accounting principles generally accepted in the United States, basically to obtain a reasonable rather than absolute assurance that the basic financial statements of the Port are free from material misstatement. Mr. Whitt proudly announced that the Audit Report for Fiscal Year 2010 of the Port Authority was a 'clean – unqualified opinion' and commended the Port for this achievement. Other areas also covered were internal control over financial reporting and compliance; report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133; financial position on assets increased by 11% from FY09, resulted in an increase of capital assets; financial position on liabilities increased by 2% from prior fiscal year, primarily resulted from an increase in sick leave, accrued vacation as a result of Port Classification/Compensation Study, Public Law 30-43.

Mr. Camacho made motion to accept the Audit Report for Fiscal Year 2010 as conducted and prepared by Ernst & Young, seconded by the Vice Chairperson. Motion was unanimously approved.

V. REPORTS

a. **List-Federal Grant & Local Funding Programs:** Mr. Camacho said aggressive efforts in seeking federal funding of \$100M for the military buildup needs to be made. He mentioned that a strategy needs to be created on how that would be done. As in the case of the ARRA Tiger Grants, although those funds were not provided to the Port, but a full court press was done, and in turn was successful in convincing the President of the United States to provide what the Port needs by way of transferring \$50M from the US Department of Defense to the US Department of Transportation which was deposited in the Port Enterprise Fund. Mr. Camacho expressed that efforts be made at this point and to do what is necessary to complete the master plan as it was presented and approved by the then-Government Administration and the Guam Legislature. Mr. Beery concurs and mentioned the importance of commencing construction and improvements of the modernization program as this will be good showing to the federal government on the use of such funds.

d. **Marina Report:** The Chairman asked whether there is a passenger schedule available. The General Manager replied positively and announced the following:

- March 7, 2011 – Queen Mary II
- March 7, 2011 – Asuka II
- April 6, 2011 – Sun Princess
- May 4, 2011 – Pacific Venus
- October 26, 2011 – Sun Princess
- December 12, 2011 – Pacific Venus
- December 30, 2011 – Asuka II
- March 8, 2012 – Pacific Princess
- April 5, 2012 – Sea Princess

He indicated that staff will work together with the agents and respective local agencies to ensure the safety processing of passengers.

e. **Safety Report:** Mr. Beery suggested the report to include last year's injuries/accidents for comparison purposes.

All other reports were for Board's information.

Committee Reports:

a. **Finance Committee:** The financial summary for FY11 first quarter includes: total cargo revenues at \$7M which is slightly higher by less than 1% compared to last fiscal year of \$6.9M; facility usage, leases and other operating revenues as of December 2011 is \$1.8M; total operating revenues at \$8.8M, slightly similar from last fiscal year; total operating expenses at \$8.4M, resulting to an operating income of \$400K; with the addition of non-operating income and expenses of \$561K positive, the first quarter result is a net income of \$935K.

Mr. Camacho recalled reports of water leaks in port compound and advised management to continue follow through to determine where the leak is occurring and to get it resolved. He expressed concern that because of these leaks, it costs the port money. Additionally, for management to look at the opportunity to assess whether there is any way to be more energy efficient in equipment and other areas of the port.

b. **Maintenance/Equipment Committee:** The Chairman asked the status of the mobile harbor crane. Mr. Ernest G. Candoleta, Maintenance Manager said the crane is currently in operation.

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

1. **Creation of Position - Contract Management Administrator and Inventory Management Administrator** – At the previous meeting, the Board authorized management to proceed with the transparency process for the positions of Contract Management Administrator and Inventory Management Administrator which has since been completed in accordance with

Section 6303 of Title 4, GCA and no comments were received. It is now being presented before the Board for approval.

Mrs. Lacson made motion to approve and adopt Board Resolution No. 2011-01 relative to approving the creation of Contract Management Administrator and the Inventory Management Administrator positions in the classified service at a Pay Grade M as authorized under Title 4, Guam Code Annotated, Sections 6303(d) and 6303.1, seconded by the Vice Chairperson. Motion was unanimously approved.

2. New Mexico Tech Training – The Guam Homeland Security Office together with U.S. Department of Homeland Security has provided a training schedule and cost for port employees to participate from February through June 2011. The training is for the Incident Response to Terrorist Bombings and Preparedness & Response to Suicide Bombing Incidents. The goal is to ensure port employees take a proactive stand on incidents to terrorist bombings and enhance preparedness and response capabilities. This training is at no cost to the Port; however, there is a three day break between training dates and rather than having those employees return back and then leave again for the next training period, it is being requested that those employees remain at the training site. The cost of this arrangement will be borne by the Port, totaling \$21,900.00 for five groups for five months. This covers meals/lodging, fuel consumption. The Chairman said what is being asked of the Board is to fund days that is non-business related and cautioned this to set precedence moving forward. He mentioned that there is no issue in supporting port employees from attending trainings/conferences and advised management to look into whether Guam Homeland Security would absorb the break period cost. Mr. Camacho agreed and mentioned that would be a more cost effective approach for GHS to pay the interim period rather than having them come back and leave again. He expressed that this training is already being offered at no cost to the port, so didn't understand why the Port should be out-of-pocket. Mrs. Francine T. Rocio, Personnel Services Administrator said Guam Police Department as a training participant, also has to absorb this particular cost in between. Mr. Beery suggested that management discuss this further with Guam Homeland Security, but in the meantime, the Board at least entertain the training scheduled for February 2011 to allow for the necessary travel arrangements to be made.

Mrs. Lacson made motion to approve travel accommodation for ten port participants to attend the New Mexico Training for the month of February 2011 in the amount of \$4,380.00, seconded by Mr. Beery. Motion was unanimously approved.

3. AAPA Professional Port Manager Certification Program – Currently, the Port has two management personnel who are part of the AAPA PPM Program, namely Messrs. Jose B. Guevara, Financial Affairs Controller and Glenn B. Nelson, Commercial Manager. As part of the AAPA PPM Program, the Association has scheduled conferences/seminars for this year. It is being requested that such individuals attend the Cruise Seminar; Port Administration & Legal Issue Seminar; Port Operations, Safety & IT Seminar and Port Maritime Economic Development. The cost for travel accommodation to include registration amounts to \$17,039.00. The Chairman suggested that in moving forward any training/conferences/seminar be presented to the Board on a quarterly basis rather than the entire year. Mr. Camacho said the main

objective is to get port management to the point of certification which means all required curriculum needs to be attended, however, understands the approach to just commit to what is current, but asks the Board to keep in mind that the desire is to allow port management to be certified.

Mrs. Lacson made motion to approve travel accommodation for the AAPA Professional Port Manager (PPM) Certification Program for the Cruise Seminar scheduled for February 9-11, 2011, Miami, Florida at \$3,463.00 for the Financial Affairs Controller to attend, and on April 13-15, 2011 for the Port Administration & Legal Issue Seminar, San Francisco, California at \$6,894.00 for the Financial Affairs Controller and the Commercial Manager to attend. Motion was seconded by Mr. Beery and was unanimously approved.

4. ATOSSCOM Executive Meeting – The Port Authority is a member of and serves as the Board Secretary to the Association of Transportation Operators Stevedores Shipping Companies of Micronesia (ATOSSCOM). Although normally held in Guam, this year the members agreed to hold its Executive Meeting in Chuuk. It is now being requested to allow two port representatives to attend in the amount of \$3,762.72. The Chairman understands this meeting to be with smaller groups and can be managed by one person. He suggested that it be attended by one port representative.

Mrs. Lacson made motion to approve the travel accommodation for one port representative to attend the ATOSSCOM Executive Meeting scheduled for February 16-20, 2011 held in Chuuk, seconded by Mr. Beery. Motion was unanimously approved.

d. Property Leasing/Port Development Committee: The Deputy General Manager presented the following:

1. Cement Plus – Currently in lease negotiations.
2. KVOG – Port received a letter from KVOG who expressed interest in entering into a five year lease. Lease agreement to this effect is currently being prepared for their review and further discussion.
3. Hagatna Marina - Arrangements are being made to schedule a meeting for the Hagatna marina tenants. Purpose is to provide notice and schedule of the construction activity of the Hagatna marina renovation and site improvements. Issuance of the notice to proceed to the contractor will be made on February 2011.
4. Mobil Oil-Area A – As directed at the previous meeting, management is scheduled to meet with Legal Counsel to review the final draft letter. All points made by the Board are being considered.
5. SPPC – Currently pending assessment of third party appraisal.

e. **Procurement Advisory Committee:** The Vice Chairperson presented the following:

1. OAE Services–Parsons Brinkerhoff America – In February 2009 through competitive solicitation, the Port awarded Parsons Brinkerhoff the contract to serve as its Owner's Agent/Engineer to assist in meeting the objectives of the Port Modernization Program. The contract and the scope of work under this agreement specifically identified projects consistent with the master plan and modernization plan. The contract term is for a period of one year effective February 18, 2009 with four one year options. The Board had approved the first contract extension back in November 19, 2009 for a one year term covering the period of February 18, 2010 thru February 17, 2011. The proposal presented to the Board is to extend the contract for another year which would take their services up to February 17, 2012, subject to management negotiation of cost per task order on an as needed basis over the term.

The Vice Chairperson said PB have performed upwards to 33 task orders many of which are partially completed, continue to be in progress and have an established funding source. There is also additional task orders slated for work ahead that is still subject to confirming funding source. She mentioned that this is simply a contractual commitment to continue their services for the next 12 months and not a financial commitment. As a matter of practice internally, the task orders will be reviewed through the Engineering/Construction committee, then the Finance Committee if the funding needs to be identified timely, and negotiating of cost before those are actually ratified. The Chairman said if those task orders that remain outstanding, has been funded, Board approved and was tasked to PB, then they are obligated to execute on those. He asked the purpose of the extension of the overall agreement to continue the OAE consultant services. The Vice Chairperson said the objective is continuity of service, also other task orders such as service in developing specifications for crane acquisition as mandated by law to purchase by 2012. She reminded the Board that the existing contract expires next month, February 2010. The Chairman understands that to be for the OAE consultant services and questions whether what is being conveyed is that if the contract for OAE cease in February 2011 that the pending task orders becomes null and void. Mr. Beery expressed the need to keep the original contract in place which is the control for the task order efforts. He stated the Board's approval of the contract extension is not like the Port is committing future work for PB, but simply confirming that the contract extends to the task orders currently in place. The Vice Chairperson reiterated that the contract is simply continuing authorization to perform what is set in motion through the task orders in light of the fact that the existing contract expires next month.

At this time, and without objections, the members recognized Mr. Matthew Smith, OAE/PB and allowed him to speak. Mr. Smith explained that the way the IDIQ contract works is the service is provided for a year with options to renew and according to the contract language each task order is subject to the provisions of the master agreement. He said if the master agreement expires, then PB would have to stop work on all task orders. He mentioned as stated by several Board members, it is purely a mechanism to allow for the completion of existing work, and in no way commits to future work.

After discussion, the Chairman reminded the members that the task order on the implementation plan completed by OAE at 30% was turned over to PMT-EA to be taken to completion and does not see the difference for the other task orders currently under OAE. If PB is not able to complete any task orders which is still part of the modernization plan, anything that is not completed and the funding is still there then it will be transferred to the next engineering group (PMT-EA) to get the work completed as planned. Mr. Beery said that is not how the process works. As an example, if a construction company was given a contract and there contract term is due to expire, but funds are still available, then giving it to another construction company to complete the work is not the way to do things. He reiterated that the extension of the PB contract is simply a paper process to make sure that PB is covered under the task orders. It's not that simple to just stop PB tomorrow and hand over those tasks to PMT-EA. Mr. Beery said most of the current work is on Phase II which supports PMT-EA on the environmental efforts. The Chairman said the contract has already set certain work needed to be completed to get the Port to a certain point, and expressed that now the next point should be to hand over to what has already been established through the lead federal agency, the Maritime Administration, which is the PMT-EA that will then execute the modernization program. The Port has to wean itself from PB, move forward by transferring projects properly to the PMT-EA.

After some discussion, Mr. Beery cautioned the members as previous board actions on all task orders, the Board has actually endorsed PB to assist in Phase II design and the PMT-EA to help execute such design. He commented that it would be a disaster on the design budget to cease task orders mid-stream. At this time, the members and management discussed certain task order percentage completion and how much time is needed to complete. The Chairman suggested that the agreement be extended for three months and after that most of the task orders should be completed, unless there is extenuating circumstances. The Vice Chairperson preferred the twelve months as provided for in the master agreement and let the work be completed the way it should be. Mr. Camacho agreed and said to transfer task orders mid-stream would incur more cost and was more inclined to agree with extending the contract for a year. He said any future task orders that can be assigned to PMT-EA without jeopardizing funding, should be transferred; otherwise those not able to needs to be completed by PB by February 2012.

Mr. Beery made motion to extend the contract for a year to ensure PB completes the existing task orders, seconded by the Vice Chairperson. Motion was unanimously approved.

2. RFP No. 011-001 CMS Replacement of Welded Steel Petroleum Pipeline – As presented at the previous meeting, cost negotiations with the highest ranked offeror, Parsons Brinckerhoff was unsuccessful as the parties did not come to terms with cost. The committee then entered into negotiations with the next highest ranked offeror, SSFM International Inc. Board approval is now being requested to award the contract to SSFM International Inc.

The Vice Chairperson made motion to approve contract award with SSFM International Inc. for the RFP No. 011-001 Construction Management Services for the Replacement of Welded Steel Petroleum up to \$300,000.00, seconded by Mr. Camacho. Motion was unanimously approved.

3. Maintenance of the Searle Compensation and Classification Plan – As background information, Alan Searle & Associates was awarded contract in May 2008 to conduct a Position Classification, Compensation and Benefits Study. The Searle Study and Compensation Pay Structure was adopted by the Board on October 13, 2009. Since its implementation in 2009, the Port had identified numerous tasks that are crucial and required to maintain the integrity of the adopted compensation structure and method. The Port seeks the technical expertise of the creator of the Searle Compensation Structure and Classification Plan to ensure stability and continuity of the appropriate method and its applications. The proposed term of the contract is for a period of one year with options for renewal not to exceed a total contract term of five years. Method of procurement will be through sole source procurement on the basis of compatibility of the methods, process and implementation; methods and applications standard and uniform to government. This method of procurement is authorized under Section 3112 of the Guam Procurement Regulations. Mr. Camacho asked for the specific scope of work. Mrs. Alma B. Javier, Procurement & Supply Manager presented the following:

- Identification or updating of job evaluation scores and market data of any existing/new or amended positions within the Port.
- Provide advice and guidance on allocated grade, step and sub-step changes of port positions.
- Assist and guide the Port to migrate to the next targeted market percentile.
- Assist the Port to resolve discrepancies associated with the Performance Management Forms including necessary amendments or improvements.
- Conduct periodic training to Human Resource division and Civil Services Commission on strategic pay methodology and integration of market data to allocate percentile salaries.
- Participate and make representation to the Port in meetings and/or public hearings related to the adopted compensation plan.

The Chairman understands this to be services already part of the initial program which have been paid for and extended several times. He asked when management staff will be trained for purposes of executing the compensation plan. Mr. Camacho felt that what is being proposed is to continue to work with management to implement the next step to get to the 50th market percentile which are additional steps that need to be taken above and beyond the scope of work from the original work. The 50th market percentile is what the Board determine was the right course. The Deputy General Manager said the consultant is currently reviewing new updated/created positions, such as Marine Traffic Controller and Port Tariff Specialist. The Vice Chairperson commented that the consultant performed the ground work that supports the whole compensation plan, and is necessary as the Port amends, modifies or evolves. Mr. Beery asked to modify the contract so that it is more measurable for performance.

The Chairman asked the status of the KPI's. Mrs. Rocio said orientations with department heads have been made and KPI's are being submitted when completed. The consultant is currently working on the policy and once completed will be disseminated accordingly to be used as a guideline. Trainings for managers, division heads, supervisors and leaders on the use of the KPI and performance management tool is in progress.

The Vice Chairperson made motion to authorize management to proceed with contract award of up to \$38,000.00 per annum to Alan Searle & Associates for the Maintenance of the

Searle Compensation and Classification Plan through sole source procurement with a contract term of one year, with options for renewals not to exceed the total contract term of five years. Motion was seconded by Mr. Beery and was unanimously approved.

4. Contract Protocol–Public Utilities Commission – The Administrative Law Judge of the PUC will recommend before the PUC Board to increase the port threshold from \$1M to \$1.5M.

5. Performance Management Contract (PMC) Status – Hearing date is scheduled for March 4, 2011.

f. Port Modernization Program Committee: As mentioned earlier, representatives of Port management, OAE, MARAD, PMT-EA met the week of January 10, 2011 relative to the port modernization and had good dialogue. The intent is for PMT-EA to come back with modifications to their implementation plan early February 2011. MARAD is slated to arrive on Guam February 7 to discuss EA's addendum to the implementation plan. It is hoped that the implementation plan is resolved, solidified and agreeable by all parties by February 10. The Chairman asked when the bids will be issued for the projects. The Deputy General Manager said the demolition packets should be issued by June/July 2011.

VI. OLD BUSINESS

1. Task Order No. 27 - Environmental: Mr. Beery said the fuel lines triggered a lot of discussion with MARAD, PMT-EA, PB, PAG and it was decided that PB would expand their existing scope of work on Task Order No. 27 on the environmental study of the fuel lines as it relates to the modernization program. The amount is an additional \$150K; totaling \$576,917.00 to be funded by the Port. The Chairman asked whether this is a task that PMT-EA can perform. Mr. Beery said it makes sense to add this work on PB's existing environmental work as they are doing all environmental study for the modernization program already. There is no money to be saved by changing hands.

The Vice Chairperson made motion to approve OAE Task Order No. 27, Amendment 2 Environmental Documentation at an additional amount of \$150,000.00, seconded by Mr. Beery. Motion was unanimously approved.

2. Board Resolution No. 2011-01 – Creation of Positions: Contract Administrator; Inventory Management Administrator: (Item addressed under Human Resource committee)

3. Contract Award – Construction Management Services on Golf Pier Pipeline: (Item addressed under Procurement Advisory committee)

4. Alan Searle & Associates Consultant Services: (Item addressed under Procurement Advisory committee)

5. **Legal Counsel Contract Services:** The Chairman asked the status of legal services and whether there is an early termination date of service. Mrs. Javier said the contract will expire in June 20, 2011 and does not have a termination clause. The contract provisions states – *If no funds are appropriated and/or budgeted in the next fiscal year, the contract may be terminated upon giving a minimum of 30 days prior notice to the beginning of the next fiscal year.* She said the request for proposal for legal services will be issued on March/April 2011. The Chairman asked the status of the Attorney General assigned to the Port. The Deputy General Manager said the candidate has accepted the position and is waiting for the money from the Port to be deposited into their account in order for them to proceed with the recruitment process. The Attorney General will advise the Port on the effective date of employment. She reminded that the designated Attorney General to the Port will address procurement matters and whatever conflict issues Port counsel may have.

6. **Contract Extension–Parsons Brinckerhoff Americas:** (Item addressed under Procurement Advisory committee)

VII. NEW BUSINESS

1. **Appointment of General Manager:** (Item addressed earlier on in the meeting)
2. **Appointment of Deputy General Manager:** Tabled, until the next meeting.
3. **Audit Report–Fiscal Year 2010:** (Item addressed earlier on in the meeting)
4. **Training / Seminar / Conference 2011:** (Item addressed under Human Resource committee)
5. **ATOSSCOM Executive Meeting:** (Item addressed under Human Resources committee)

VIII. PUBLIC COMMENT

- a. **Port Users Group Comment:** None.
- b. **General Public Comment:** Mrs. Josette Javelosa commented that as the Board tabled the appointment of the Deputy General Manager position, asked that Mr. Enrique J.S. Agustin be considered for such position. She mentioned that Mr. Agustin having recently worked with the Port, and is supported by the port employees.

Mr. Dion Cadiz, Norton Lilly informed the Board that there may be potential issue with the arrival of two passenger cruise vessel calling port – Queen Mary and Asuka II. He mentioned that two passenger vessels will call port on March 7 and the concern is berthing space to accommodate both vessels simultaneously. The Chairman advised management to address this matter and explore alternatives to ensure the safety of the process and its passengers.

- c. **Employee Comment:** None.

IX. EXECUTIVE SESSION

RECESSED: Meeting recessed at 7:45 p.m.

RECONVENED: The meeting reconvened at 7:50 p.m.

At this time, the Board went into executive session. Executive Session ended at 8:10 p.m. The Board is now back in regular meeting session.

Items addressed in executive session include Watts Constructors Civil Case No. CV10-00002; Guam YTK; Marylou S. Gogo vs GovGuam SP Case No. 197-10.

Mr. Camacho made motion to authorize Legal Counsel to take action as prescribed in the executive session, seconded by the Vice Chairperson. Motion was unanimously approved.

Next Board Meeting Date

The Chairman announced the next board meeting to be held on Thursday, February 24, 2011 at 5:00 p.m.

Board Working Session

Management was advised to arrange a hand-over working session for the existing Board and impending Board of the Port Authority to address port matters and the modernization program.

Appointment of General Manager / Deputy General Manager

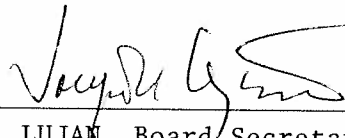
Without objections, the Board further addressed items 1 & 2 under new business. The Vice Chairperson asked why item 2 was tabled under new business. The Chairman understands that there are other names being considered and is currently being reviewed. No final decision has been made at this time. After the Administration reviews, names will be submitted to the Board for consideration. Mr. Camacho said historically the procedure is to advertise these positions. The Vice Chairperson added that the application applies to both positions, and was curious as to why this body is dispensing with policy and practice that have been consistent with every turnover of those two positions and not upholding to that practice in the interest of transparency, and demonstrating to the community that as a Board whom the law empowers to hire and make a selection is going the course of doing its due diligence with regard to both positions.

Mr. Camacho commented that those are valid questions raised because when both positions were open then, the procedure that's always been followed by this Board was through the selection process: position advertised, applications received and reviewed by the Board, then selection was made. He expressed concern that it appears this body has dispensed of that and does not seem normal to deviate from what was the normal practice of this board. The process

has changed. The Chairman commented that the process has not changed; it is simply due to the transition phase and extending the courtesy to the members that are going to be appointed to this board. The Vice Chairperson said she does not want to presuppose what the future Board is going to do. They will do what they need to do at the proper time, but at this point there has to be consistency, accountability to the community, Board commitment to doing due diligence. For informational purposes, Legal Counsel informed the Board that although these are unclassified positions, once such positions go through the merit system will no longer serve at the pleasure of the Board, but will become subject to the Civil Services Commission laws. Without objection, the Chairman said this matter can be taken up at the next meeting.

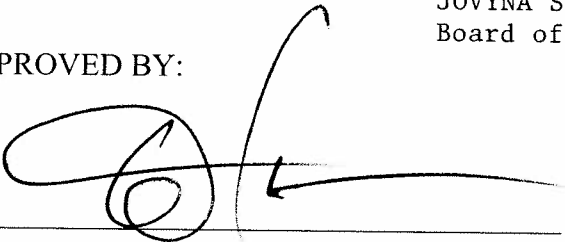
X. ADJOURNMENT

There being no further business to discuss, it was moved by the Vice Chairperson and seconded by Mr. Beery to adjourn the meeting at 8:20 p.m. The motion was unanimously passed.



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

APPROVED BY:



DANIEL J. TYDINGCO, Chairman
Board of Directors

