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Ray Tenorio
Lieutenant Governor

**MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, July 28, 2011**

I. CALL TO ORDER

There being a quorum, the regular meeting of the Board of Directors was called to order at 11:45 a.m., Thursday, July 28, 2011. Present at the meeting were:

Daniel Tydingco, Chairman
Michael Benito, Vice Chairman
Jovyna Lujan, Board Secretary
Eduardo Ilao, Board Member
Shelly Gibson, Board Member-Select
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; Glenn Leon Guerrero-IP&E; Rick Bordallo-Phillips & Bordallo Law Office; AnnMarie Muna/Trish Granillo-AM Insurance; Claudia Clement-PMT EA; K.Vikramen/John Dennett/Maggie Cruz-Tristar and Port Management staff.

Before proceeding with the items on the agenda, the Chairman expressed displeasure with the alteration of the agenda that was originally prepared by him in concert with the other Board members. He commented that the members prep for materials to discuss issues and matters in anticipation of the board meeting. Time is valuable and will not be used on items members are not prepared to discuss.

II. APPROVAL OF MINUTES

a. **June 23, 2011:** The Vice Chairman made a motion to approve the minutes of June 23, 2011 subject to correction. The motion was seconded by Mr. Ilao and was unanimously passed.

III. OLD BUSINESS

1. **Management Reports:**

a. **Financial Report:** The financial report for June 2011 was presented to the Board for information. With respect to utilities, particularly water billing/consumption,

feedback was provided that a deduct meter has been installed to identify actual port consumption. Also, staff met with representatives of Guam Waterworks Authority on the billing issue and will be credited on Port prior billings.

The Chairman asked whether there is an energy conservation plan in place as he understands there to be a fuel charge increase to take effect in the next few days. The General Manager replied positively, and is being implemented.

b. **Procurement:** Mrs. Alma B. Javier, Procurement & Supply Manager said there are two requests for proposals open for competitive solicitation as follows:

1. RFP No. 11-004 – A/E Design Services for Golf Pier Pipeline: Currently under cost negotiations.

2. RFP No. 11-005 – Collection Services: Cost negotiations have been finalized. The offeror proposes to pass on a 20% service fee to the customer to allow the Port to collect 100% on payment due. Mrs. Javier said hopefully by next month this will be implemented once the Port's invoice reflects a disclosure indicating that a collection service charge will be assessed if payments are not promptly made. In the meantime, the 20% service fee will be charged to the Port. The Vice Chairman asked what the bench mark is when delinquent accounts are forwarded to the collection agency. Mr. Guevara said after three written notices, except for those on a payment plan. Mr. Ilaos asked for the total amount in accounts receivables given to the collection agency. Mr. Guevara said that information is not readily available at this time, but majority are small accounts that includes: marinas and leases that have been vacated.

c. **CIP Projects:** Mr. Simeon S. Delos Santos, Engineer Manager provided a summary report on on-going projects and planned projects which consists of: GDP marina renovation/site improvement project; Mobil fuel pipelines repair design; GDP marina dock 'A' repairs; GDP marina dock 'B' repairs; Agat marina ramp walkway repair; concrete manhole cover repair in container yard Area 'R'; administration building spall repairs; electrical upgrades on buildings secondary distribution sub-panel boards and office relocation in warehouse I for the offices of Engineering, Safety and Stevedore. These projects are separate from those under the port modernization program.

2. Insurance Report: The insurance report for June 2011 was presented to the Board for information.

3. List – Federal Grant / Local Funding Programs: Ms. Dorothy P. Harris, Chief Planner said on July 22, 2011 the Port received notice of conditional award from Assistant Secretary Anthony Babauta, Department of Interior Office of Insular Areas releasing \$440K for the Hagatna marina renovation/site improvement for Phase I which will go towards the sheet piling project. Additionally, the Port received a notice to proceed in the amount of \$900K plus from the Presidents ARRA Supplemental Port Security Grant Program for purposes of

renovation, upgrade of existing Port Police building to serve as the Port's Maritime and Port Security Operations Center. The design and specifications for this project have been completed.

a. **ARRA Tiger Grant III Application Submission:** Ms. Harris provided the Board with a synopsis on the ARRA Tiger III Discretionary Grant program which includes the following:

- Funding amount of \$526.95M
- Application Deadline – October 31, 2011
- Project Submission – maximum three project per eligible applicant
- Grant Expiry – September 30, 2013
- Selection Criteria – priority will be given to projects that have significant impact on desirable long-term outcomes for the Nation, a metropolitan area, or a region.
- Secondary Selection Criteria – innovation and partnership
- Port Potential Projects – terminal drainage and pavement repair; maintenance supply and rigging building; and harbor of safe refuge rehabilitation.
- Other Port Projects evaluated for Consideration – Phase 1A gap funding; and Hotel Wharf.

4. **Port Modernization Program – Implementation Plan:** The General Manager said a weekly working session will commence tomorrow, July 29, 2011 at Port Board Room. Initial meet will be held at 2:00 p.m., then at 9:30 a.m. thereafter every Fridays. Parties will include Port Board and management, OAE, MARAD, PMT-EA. Items to be addressed will include implementation plan, protocol manual, action item list.

5. **Task Orders and Expense Cost Summary:** As requested at the previous Board meeting, the members were provided with a task order and expense cost summary relative to Parsons Brinckerhoff, Port's Owners/Agent Engineer consultant. Ms. Lujan asked that the summary include information on funding source and fiscal year.

6. **Task Order 28-8 Project Management:** As background information, the General Manager understands that originally all task orders to be performed by the Owners/Agent Engineer included a project management allocation. The previous Board then agreed to create a task order specific to project management performances for the following reasons: tracking purposes, transparency, ability to directly engage with management for ad-hoc direction. Ms. Lujan added that this would also allow for inter-action with port constituents, on-site visits, and capture other expectations and costs which would otherwise not be covered under federal grants that were specific in the scope of work. The General Manager said staff is currently working with the front office on the OEA grant that would be used for this purpose. In the meantime, Port funds will be used; then reimbursed once the grant funds are received. The Chairman asked when the grant funds will be available. Mrs. Vivian C. Leon, Corporate Services Manager said before the end of this fiscal year. Mr. Guevara mentioned that the amount of \$275K plus that OAE has estimated for this task order is to cover a two month period – August 1, 2011 through September 30, 2011. He said in an effort to ascertain how much can be allotted to cover the two month period for this task order, an assessment on the Port's operating

income was made, less the committed capital improvement projects, resulted in a recommended amount of \$76K monthly. The Chairman said since OEA grant funding is expected before this fiscal year ends, asked whether OAE would consider holding off until then. Mrs. Leon expressed concern that funding for this task order will be depleted by the end of this month, which will result in OAE ceasing all work. The Vice Chairman questioned why would that be the case when all consultant fees is already included in Task Order 28 Project Management, as earlier explained by management. Mrs. Leon said OAE will continue to provide deliverables under those task orders, but all new work will not be covered. For the benefit of the members, the Chairman explained that the understanding of management is that initially the consultant costs were placed in each task order assigned to OAE, then later established a separate task order (TO28) for their professional services, not only for tracking and transparency purposes, but to also allow work to be performed outside the scope of the federal grants. After some discussion, it was agreed to discuss this matter further off-line.

7. **Cabras Marine – Estoppel Agreement re Casamar Guam**
8. **IP&E/Shell Pipeline Easement Agreement & F3 Pier Agreement**
9. **Mobil-Sublease Amendment/Lease**

The Chairman said items 7, 8, and 9 will be discussed in executive session as there are a number of items that require attorney-client privilege discussions.

IV. NEW BUSINESS

1. **Proposed Legislation of Crane Acquisition:** The General Manager said the proposed legislation on the crane acquisition was drafted based on a previous meeting held with Board and staff. Legal Counsel was advised to review the draft legislation.

2. **IP&E Letter of Interest: Area B (former scrap yard):** Mr. Glenn B. Nelson, Commercial Manager said IP&E submitted a letter dated June 21, 2011 basically requesting for open space lease to construct two petroleum oil storage tanks. Area of interest is Area B, also known as ‘Old Mobil Tank Farm’. He mentioned that management has yet to meet with IP&E on the specifics of this request. The Chairman asked for the process of an interested party to request lease of port property. Mrs. Javier said the Port had advertised the notice of availability for open space which is also available on port website that outlines the process and instructions.

3. **Staff Proposed Cooperative Agreement-GEDA:** Mr. Nelson represented an initiative to forge a relationship with Guam Economic Development Authority (GEDA), to possibly be the vehicle to exploit the potentials of port properties. Although have yet to work the specifics with Mr. Guevara, but to also include the financing, if necessary, to provide this body other alternatives. Additionally, use GEDA as the vehicle to acquire assets for the Port using their authority or granting the Port an extension of their authority to perform these extraordinary proposals. He mentioned that a meeting was held with GEDA Administrator yesterday and hopes to provide a tangible product for Board review by the next meeting. The Vice Chairman asked whether there will be some form of memorandum of understanding. Mr. Nelson said the attempt is simply to seek their assistance and expertise, use their network and resources for

properties and in doing so, bearing in mind that there is potential for so much more. GEDA will not manage port properties, nor will there be any rent sharing, but basically to establish a relationship to tap into both agency resources.

4. **Ratification: Travel Authorization AAPA Maritime Economic Development Seminar, Portland, OR on July 11-13, 2011:** Mr. Ilaio made motion to ratify travel authorization in the amount of \$3,502.96 for the participation of Mr. Jimmy Camacho from Senator Thomas C. Ada's office, to be part of the Port's contingent to attend the AAPA 2011 Maritime Economic Development Seminar held on July 11-13, 2011 at Portland, Oregon. Motion was seconded by Ms. Lujan and was unanimously approved.

5. **Travel Authorization Request:**

- a. 38th ATOSSCOM Annual Meeting, Majuro, Marshall Islands, August 2011
- b. Guam High School Alumni Association, Las Vegas, Nevada, September 5, 2011
- c. 100th AAPA Annual Convention, September 11-15, 2011, Seattle, WA

The Chairman said as Board and management are immersed with a number of items, particularly with the port modernization program, and although there may be a need for travel, suggested to suspend all travel at this time. The Vice Chairman agreed as this is a critical point for the implementation plan of the port modernization program, unless there is a major certification for training that is required or grant funding that needs Port attention, travel should be suspended at this time.

The General Manager requested reconsideration on the ATOSSCOM Annual Meeting. He mentioned that the Port Authority is a member and serves as the Board Secretary to the association which is overseen by Mr. John B. Santos, Operations Manager. The association's Treasurer has recently stepped down leaving the Port taking over this responsibility as well. The logistics and arrangements for the annual meeting next month has been organized and spearheaded by Mr. Santos who also is part of the association's executive members and plays a critical role specific to the relationship in the Micronesian region ports. The Vice Chairman asked what is ATOSSCOM. The General Manager said it stands for Association of Terminal Operators, Stevedoring and Shipping Companies of Micronesia, which are basically members that gather to network, share ideas on development and improvement, address key points and issues relative to port. The Vice Chairman understands the predicament; however, felt that Mr. Santos' participation because of his knowledge and expertise in the port modernization implementation plan is too important to be off-island at this point.

V. PUBLIC COMMENT

VI. EXECUTIVE SESSION

RECESSED: Meeting recessed at 1:05 p.m.

RECONVENED: The meeting reconvened at 1:15 p.m.

At this time, the Board went into executive session. Executive Session ended at 2:20 p.m. The Board is now back in regular meeting session.

Items addressed in executive session include Casamar Estoppel Certificate; IP&E/Shell Lease Agreement; Mobil Sublease Amendment; and Guam YTK.

Mr. Ilaio made motion to approve the contract with Marianas Collection Agency for RFP No. 11-005 Collection Services, seconded by the Vice Chairman. Motion was unanimously approved.

Mr. Ilaio made motion to approve the Estoppel Certificate and related documents as presented in executive session for both the Casamar and Mobil issues, seconded by Ms. Lujan. Motion was unanimously approved.

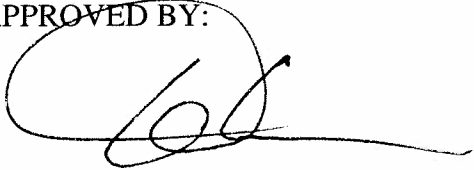
VII. ADJOURNMENT

There being no further business to discuss, it was moved by Mr. Ilaio and seconded by the Vice Chairman to adjourn the meeting at 2:30 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

