



PORT OF GUAM
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Eddie Baza Calvo
Governor of Guam
Ray Tenorio
Lieutenant Governor

**MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, October 27, 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, October 27, 2011. Present at the meeting were:

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

Absent were Board member Eduardo Ilao. Also present were Jimmy Camacho-Senator Tom Ada's office; John Dennett/Maggie Cruz-Agility (Tristar); Thelma Hechanova-OCCAM Solutions; Trish Granillo-AM Insurance; Claudia Clement-PMT EA; Lance Hagen-Matson; Jeff Peck-OAE; Robert Goethe/Pamy Arora-Cornell Group and Port Management staff.

II. APPROVAL OF MINUTES

a. **September 22 & 29, 2011:** The Vice Chairman motion to approve the minutes of September 22 & 29, 2011 subject to correction. The motion was seconded by Ms. Gibson and was unanimously passed.

Collection Services

Without objections, the Chairman asked if collection services could be performed by in-house personnel. Management was advised to prepare alternatives for this service which will be presented to the Board at its next meeting.

III. OLD BUSINESS

1. **Financial Report:** The Chairman proceeded with the next item on the agenda. This item will be reported once the Financial Affairs Controller returns from his previous meeting with Public Utilities Commission (PUC).

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

3. **Property Lease Report:** The property lease report of October 6, 2011 and a draft layout of leased areas were for Board's information.

4. **List – Federal Grant / Local Funding Programs:** Ms. Dorothy P. Harris, Chief Planner informed the Board on the projects being implemented as it pertains to the federal grants, which include:

- **Gantry Crane:** Casper/Phillips, a third party independent gantry crane inspection team will be arriving Guam next week until November 12, 2011 to inspect Gantry 3 and the POLA Cranes. The team's schedule has been disseminated to all parties concerned and final report should be submitted to the Port by December 16, 2011.
- **Gantry Crane Loan:** Staff is compiling documents to submit to USDA and ANZ Bank for their review. An extension request on the loan application has been granted up until September 2012. The extension also provides an amendment to include new and refurbished crane(s) with the underlying condition that the cranes will be inspected by an independent party for the technical, integrity, structural and life span of the cranes.
- **DHS Maritime Security Operation Center–Emergency Operation Center (EOC):** The 30% design was finalized in August 2011. Coordination with Procurement & Supply Division for issuance of the bid for design completion and construction will commence soon.
- **Container Yard Lighting:** Staff is currently finalizing the specifications for the bid package and is targeting next week to advertise. This project will be providing two-thirds of the lighting requirements identified in the implementation plan.
- **Mobile Cargo and Vehicle CBRNE Detection and Screening System:** This grant includes a purchase for a x-ray machine for Customs & Quarantine Department. Staff is coordinating with the Agency in finalizing procurement specifications and documents. Bid issuance is expected by early 2012.
- **Hagatna Marina Sheet Pile Project:** As of last month this project is 74% complete. Still waiting on the change order permits, as a result of a request made by the marina users to widen the channel. The Port was able to accommodate this request as the current channel may be potentially a safety hazard for the boaters. The contractor is expected to receive the permit from Army Corp of Engineers and a change order should be submitted by early next month to the Port. Project completion was initially slated for January 29, 2012; however due to the change order, a request for extension will be made.

Relative to the **ARRA Tiger Grant III**, and as directed by the Board, Ms. Harris said the following shovel ready projects include:

- Break-bulk cargo improvements
- Existing container yard improvements
- Container yard drainage and pavement repair

- Container freight station (CFS) operations facility renovation
- Construction of a new maintenance, supply, and rigging (MSR) building
- Welding shop renovation
- Construction of inbound/outbound optical character recognition (OCR) portal canopy enclosures
- Construction of administration building annex

She mentioned that the application amounts to \$23.9M with a 20% port matching at \$4.8M. The Vice Chairman asked that the ARRA application be provided to the Port Oversight Chair. The Chairman said this to include Governor of Guam as well.

At this time the members went back to the Financial Report.

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

The Chairman asked whether the pilot program—payment in lieu of taxes (AAICF) was factored into the expenditures. Mr. Jose B. Guevara, Financial Affairs Controller replied positively.

Prior to continuing on with the items on the agenda, the General Manager requested that the Chief Planner be recognized to further address the container yard lighting for Board action. The Chairman asked whether there was a particular reason why this item was not brought up prior to the preparation of the Board agenda. He mentioned there is concern when items are inserted onto the agenda and not contemplated in advance. The General Manager apologized for this oversight. Ms. Harris apologized and said staff has been hustling to get the scope of work and procurement package finalized in a very short timeframe. The Chairman said if there is a need for Board action, management should provide such information in advance, not just for purposes of public notice, but for Board edification to be able to study and evaluate and make rational basis for its decisions. Ms. Harris expressed concern that Board action on this item may be too late by the next regular Board meeting.

At this time and without objections, the members agreed to recess.

RECESSED: Meeting recessed at 12:20 p.m.

RECONVENED: The meeting reconvened at 12:25 p.m.

The Chairman advised the General Manager to arrange at the earliest date possible for a special Board meeting to address this item for Board action due to the deadline of this particular grant. The members agreed to hold the special Board meeting on Friday, November 4, 2011.

5. **Port Modernization Program – Implementation Plan:** The Vice Chairman suggested that with the Port's letter dated October 19, 2011 to Mr. David Matsuda, MARAD

Administrator relative to the “balanced approach” that he also be provided with the following letters:

- October 12, 2011 – letter to Port Board Chairman from Port Oversight Chairman
- October 19, 2011 – letter to Port Board Chairman from Port Users Group

Additionally, the Chairman advised management to contact the Governor’s office and Congresswoman’s office soliciting their support on the Port’s request in writing and to submit to MARAD.

6. **Program Management Manual:** As Member Ilaio is currently off-island and is spearheading this project, this item will be addressed at the next meeting.

7. **PAG 09-001 Owner’s Agent/Engineer Consultant Agreement – Third Option Year:** As discussed in the previous meeting, the General Manager reminded the Board that the Port’s consultant Parsons Brinkerhoff expressed interest in exercising their third year option for continued service. The master agreement expires February 2012. The Chairman said there is still time for the Board to further digest this item; therefore, no Board action is necessary at this time.

8. **Budget Approval – Fiscal Year 2012 – 2nd Quarter:** The Chairman said given the variables currently ongoing concerning both revenues and expenses of the Port, he asked Mr. Guevara to prepare the fiscal year 2012 annual budget for Board consideration.

9. **Ratification – Settlement Agreement/Resolution: Watts Constructors Civil Case No. CV10-00002:** Upon advisement of Legal Counsel, the Chairman said this item will be addressed in executive session. There were no objections.

IV. NEW BUSINESS

1. **Board Resolution 2011-07 thru 2011-12:** Ms. Lujan made motion to approve Board Resolution 2011-07 thru 2011-12 relative to commending and congratulating the named port employee(s) on their retirement from the Port Authority of Guam and to express sincere gratitude for their public service and dedication to the people of Guam. Motion was seconded by Ms. Gibson and was unanimously approved.

2. **Ratification – Economic Trades Mission – October 21-24, 2011:** The Chairman said an invite was made by Governor Eddie Calvo for the Port to participate in the Economic Trades Mission throughout Asia, specifically China and the Philippines. He said Port representatives including himself, Messrs. Simeon Delos Santos, Engineer Manager and Ernest Candoleta, Maintenance Manager participated in the trade mission in the Philippines. Visits were made to Port of Subic, ATI (Asian Terminal) and the ICTSI terminals which were all very impressive facilities. Power point presentations were conducted and questions and answers ensued. The Port should be receiving some information on maintenance policies and procedures for their consideration where appropriate. There were also some marketing materials that

Marketing division may be of interest in. The Port group was able to observe their terminal operating system and gate operating system (TOS/GOS) which were substantially low in cost. They have also developed internal software suitable for their operational needs. Mr. Delos Santos added that the trade mission was very informative. The highlight of the trip was the opportunity to see the super post panamax gantry crane up close, witness some of their operation and view of their docks.

The Vice Chairman made motion to ratify the travel authorizations for Messrs. Daniel Tydingco, Board Chairman; Simeon Delos Santos, Engineer Manager and Ernest Candoleta, Maintenance Manager who attended the Economic Trades Mission on October 21-24, 2011 held in the Philippines. Motion was seconded by Ms. Lujan and was unanimously approved.

3. **2011 AAPA – Professional Port Manager Program (PPM) Certification: Facilities Engineering Seminar, November 8-10, 2011, New Orleans, LA:** The Vice Chairman made a motion to approve travel authorizations in the amount of \$6,554.50 for Messrs. Jose B. Guevara, Financial Affairs Controller and Glenn B. Nelson, Commercial Manager to attend the AAPA Facilities Engineering Seminar, November 8-10, 2011 in New Orleans, LA as part of their professional port manager program. Motion was seconded by Ms. Lujan and was unanimously approved.

4. **2011 Fall BTS Technical Working Group Meeting, December 6-8, 2011, Honolulu, HA:** Mrs. Francine T. Rocio, Personnel Services Administrator, said the Port is a member of this working group for the past several years spearheaded by U.S. Department of Transportation. The goal of the Brown Treesnake technical working group is to address issues relative to invasive species issues associated with military growth in Guam and the CNMI; quarantine and regulatory needs; increasing inspection capacity and regulatory authorities; potential effects of military expansion on Guam port operations; and Cabras island snake eradication project. Request is being made to allow Mr. Herman T. Paulino, Planner IV participate in this technical meeting.

Ms. Lujan made motion to approve travel authorization in the amount of \$2,269.96 for Mr. Herman T. Paulino to participate in the 2011 Fall BTS Technical Working Group Meeting held in December 6-8, 2011, Honolulu, Hawaii. Motion was seconded by the Vice Chairman and was unanimously approved.

5. **Cruise Shipping Asia 2011, Sands Expo & Convention Center, November 16-18, 2011, Singapore:** The Chairman understands the Port to be part of the Micronesian Cruise Association. The General Manager said the association is looking at the Port to take a leadership role in the cruise ship activities. This is a great opportunity to raise awareness of cruise operators to call on Guam more often.

The Vice Chairman made motion to approve travel authorizations for three port participants to attend in the Cruise Shipping Asia 2011, Sands Expo & Convention Center on November 16-18, 2011, Singapore. Motion was seconded by Ms. Lujan and was unanimously approved.

V. PUBLIC COMMENT

At this time, the Chairman recognized the presence of Messrs. Robert Goethe and Pamy Arora, Cornell Group, Port Tariff Consultant. Mr. Arora thanked the members and said Cornell has been engaged with the Port since 2003. The current assignment is to determine the appropriate tariff increases required to sustain the Port's operating cost and fund development and maintenance & repair projects for the Port. A presentation has been made to the PUC's Administrative Law Judge. Mr. Arora understands that PUC is comfortable with the presentation and they made suggestions that the recommendations by the Port were conservative and would need additional cash flow to take care of the investments. Three public hearings are scheduled at PUC, Asan Community Center and Dededo Community Center to receive comments on the Port's proposed terminal tariff.

For information, Mr. Lance Hagen, Matson provided the Board with a letter dated October 27, 2011 indicating that based on Horizon Lines' announcement in discontinuing its Guam service, Matson assures the Port that it has the vessel capacity and necessary equipment to handle the additional volume and maintain existing levels of service without requiring any new fleet deployments.

VI. EXECUTIVE SESSION

RECESSED: Meeting recessed at 12:50 p.m.

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

At this time, the Board went into executive session. Executive Session ended at 1:30 p.m. The Board is now back in regular meeting session.

Items addressed in executive session include the open government law and Watts Constructors Civil Case No. CV10-00002.

Ratification – Settlement Agreement/Resolution: Watts Constructors Civil Case No. CV10-00002:

As background information, Legal Counsel said this matter has been addressed in numerous Board meetings. There was a proposal to go into mediation with an organization called JAMS (Judicial Arbitration & Mediation) and the General Manager was designated as the management representative that would remain on-call which was a requirement by JAMS. Individual Board members were apprised of the ongoing negotiations and a final proposal was agreed upon and accepted by the opposing party.

In light of this, Legal Counsel mentioned that what is being presented before the Board represents the actual cost of the Port and minimizes exposure to any other extremely substantial challenges impacting another projects and procedures the Port has ongoing. Board ratification is

being requested relative to the settlement agreement and resolution on the Watts Constructors civil case with the Port Authority.

The Vice Chairman made motion to ratify the Settlement Agreement and Resolution relative to Watts Constructors Civil Case No. CV10-00002, seconded by Ms. Lujan. Motion was unanimously approved.

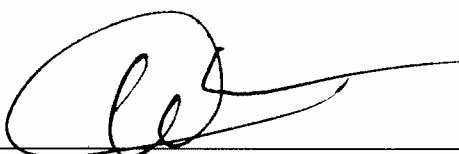
VII. ADJOURNMENT

There being no further business to discuss, it was moved by Ms. Lujan and seconded by Ms. Gibson to adjourn the meeting at 1:35 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

