



PORT OF GUAM

ATURIDAT I PUETTON GUAHAN

Jose D. Leon Guerrero Commercial Port

1026 Cabras Highway, Suite 201, Piti, Guam 96925

Telephone: 671-477-5931/35 Facsimile: 671-477-2689/4445

Website: www.portguam.com



Lourdes A. Leon Guerrero
Governor of Guam

Joshua F. Tenorio
Lieutenant Governor

REGULAR MEETING OF THE BOARD OF DIRECTORS

Jose D. Leon Guerrero Commercial Port

Tuesday, December 3, 2019

PAG Board Conference Room, Piti

3:00 p.m.

A G E N D A

- I. CALL TO ORDER
- II. APPROVAL OF MINUTES
 1. November 19, 2019 – Regular Board Meeting
- III. PUBLIC COMMENTS:
 - a. Public Comments
 - b. Employee Comments
 - c. PAGGMA Association
- IV. GENERAL MANAGER’S REPORT (deferred to Old/New Business Items)
- V. OLD BUSINESS
 1. Guam Shipyard – Memorandum of Understanding (REF: Superior Court Civil Case No. CV1114-18)
- VI. NEW BUSINESS
 1. Proposed Resolution No. 2019-20 CSC Case No. 13-AA11T-SP
- VII. EXECUTIVE SESSION – Pursuant to §8111(c)
 1. Legal Matters
- VIII. ADJOURNMENT



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**MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
Tuesday, November 19, 2019**

I. CALL TO ORDER

There being a quorum, the regular meeting of the Board of Directors was called to order at 3:00 p.m., Tuesday, November 19, 2019. Present at the meeting were:

Francisco G. Santos, Chairman
Nathan T. Taimanglo, Vice Chairman
Isa Marie C. Koki, Board Secretary
Maria D.R. Taitano, Member
Anthony P. Chargualaf, Member
Rory J. Respicio, General Manager
Atty. Joseph McDonald, Port Staff Attorney

Absent was Mr. Dominic G. Muna, Deputy General Manager of Operations and Ms. Connie Jo Shinohara, Deputy General Manager of Admin/Finance. Also present was GSA Chief Procurement Officer Claudia Acfalle; Pacific Daily News-Anumita Kaur and Port Staff.

II. APPROVAL OF MINUTES

- a. **October 10, 2019 – Regular Board Meeting**
- b. **October 22, 2019 – Special Board Meeting**

Director Koki made motion to approve the minutes of October 10 & 22, 2019, subject to correction. The motion was seconded by Director Taitano and was unanimously passed.

III. PUBLIC COMMENTS

- a. **Public Comments:** None.
- b. **Employee Comments:** None.
- c. **PAGGMA Association:** PAGGMA Vice President Steve Muna announced that the association is gearing up for its Christmas Party on Saturday, December 7, 2019 at Nikko Hotel. The theme for this year's Christmas celebration is 'Naughty or Nice'. He welcomed the Board members to attend.

IV. GENERAL MANAGER'S REPORT (deferred to Old/New Business Items)

1. **Detail Appointment – Chief Procurement Officer, GSA.** In prior meetings, a report was made before the Board that the Port may receive the assistance of the Chief Procurement Officer on its conditional delegation of procurement authority granted back in August 2019 for a period of six months. In a letter dated October 23, 2019 to Mr. Edward Birns, Director of Department of Administration, a request was made seeking the detail appointment of Ms. Claudia Acfalle, Chief Procurement Officer, General Services Agency to the Port Authority. In response on October 28, 2019, Mr. Birns was agreeable to the request. The detail appointment is to the position of Corporate Services Manager on a temporary basis of 90 days. Ms. Acfalle will be working on the performance maintenance contract and revenue bond program ensuring the procurement process of these critical projects of the port modernization program, and hopefully she sees firsthand that the Port is good and ready to receive its full delegation of procurement authority by the end of the conditional period.

The General Manager mentioned that the detail appointment of Ms. Acfalle does not change the Procurement division administratively. The Procurement staff is still responsible for their day-to-day workload, administrative processes and that such division will continue to report to Ms. Connie Jo Shinohara, Deputy General Manager of Admin/Finance. Ms. Acfalle reports directly to the General Manager and would provide guidance and oversee the procurement processes and procedures. In doing so, she will have the ability to access any procurement activity. The General Manager and everyone present welcomed Ms. Acfalle to the Port Authority of Guam.

2. **Port Modernization Plan.** Bill No. 149-35 was signed into law on October 16, 2019 as Public Law 35-44 – Act to Amend Section 4(a) of Public Law 34-70, relative to the financing or refinancing improvements and capital improvements of the Port Authority and other related facilities and operations of the Port, through revenue bond proceeds. Public Law 35-44 reprograms the \$17.5 million originally intended for a new PAG Admin building to \$10.5 million and redirects the remaining \$7 million for improvements to shore up the water front revenue generating facilities, create connectivity of a fuel line from Golf Pier to F1, and improve the Port's financial management and terminal operating systems. Also, an amendment was requested on the local match for the TIGER Grant for the H-Wharf Rehabilitation project, in that the original amount was \$14.2M which has since been reduced to \$13.7M. The adjustment will leave a balance of \$400K plus which is being requested to be added onto the \$7M that will provide additional resources to help the Port meet its overall objectives of the Port Bond projects.

3. **Contract Signing Ceremony: Bond Projects.** A contract signing ceremony is scheduled for November 20, 2019 at 10am for the *first* capital improvement projects made possible by the revenue bond proceeds that is now ready for project startup. Contract for the A/E Design and Consulting Services was awarded to N.C. Macario and Associates. These projects include: structural repairs of Golf Pier; repair and expansion of the Equipment Maintenance & Repair Building; repair of Warehouse I; and replacement and relocation of Waterlines.

4. **H-Wharf Rehabilitation Project.** The Construction Management request for proposal is completed and currently under review by SAAG.

5. **Finance Division Organizational Structure.** The Port is undertaking several major projects that will impact the Port's Finance Division, i.e., the 2018 Port Bond projects; the implementation of a new financial management system (Enterprise One); and tariff initiatives, which is the Tariff Simplification and Passenger Fee for Marina customers. These projects will impact the managing and record keeping of capital improvement projects, fixed assets acquisition, federal grants reporting, disbursements and collections. In order to ensure the assignments and tasks related to Finance are properly managed and staffed, approval was given to Mr. Jose B. Guevara's (the Port's Financial Affairs Controller) request to add a General Ledger. This authorization also provides for a Project Management Team (PMT) from different sections within the Finance Division. The PMT will focus on the Enterprise One Financial Management System, Tariff Simplification and other projects to ensure the efficiency of Port operations, once implemented.

6. **Guam Shipyard.** On March 29, 2019, the Board authorized the General Manager to seek a resolution to the Jose D. Leon Guerrero Commercial Port aka Port Authority of Guam v. Guam Industrial Services, Inc. dba Guam Shipyard (Case No. CV 1114-18). Since then, we have been working diligently with Ms. Selina Ashland from the Guam Shipyard and the Port Users Group to develop a reasonable resolution to cure their debt to the Port by way of providing a service in lieu of cash payment. Specifically, the Guam Shipyard will (1) demolish, dismantle, and dispose of the Port's two inoperative ship-to-shore (STS) container cranes (aka gantry cranes), and (2) lift, cut, and dispose of the Port's partially sunk barge located in the waters adjacent to F-6 pier.

A similar arrangement was attempted on October 4, 2016 between the Port's Deputy General Manager and the President of the Guam Shipyard for the removal of the barge at F-6. The Port's General Manager, at that time, did not move forward with this MOU because "the GM's position on the matter of receivables versus service in lieu of does not align with the terms of the MOU dated October 4, 2016." This project was sent out to bid, and an award for removal of the barge was issued. However, this project did not move forward because the scope of work did not include the lifting of the barge. There was also a bid that was awarded for the demolition of these inoperative ship-to-shore (STS) container cranes, and another bid was awarded for its removal, after these two cranes have been demolished. However, the company which won the bid cancelled.

Three years later, these Port "assets" are now a liability and must be removed immediately. We maintain that the proposal submitted by Guam Shipyard is an innovative solution which does not require any cash outlay. The initial concerns raised by Port Users Group have been addressed. These concerns are (1) the requirement of a performance bond, which represents the industry standard; (2) a clause providing for liquidated damages in the event the Guam Shipyard does not complete this project within the prescribed time period; and (3) a demolition plan reviewed by the Port's owner agents.

The next step will be the development of a MOU for the Board's disposition. This MOU will provide the framework for this agreement providing the necessary checks and balances: the total project costs will be verified by the Port; there will be an established working committee to oversee the execution of this project; and a determination will be made to provide a reasonable means of applying a credit resulting from the total project costs, less the amounts the Guam Shipyard owes the Port. The resulting credit will be applied by the Guam Shipyard for any leases it has with the Port.

7. **AM Insurance Update.** The total insurance premium for FY2020 is \$2,970,043.48 which is an increase of 15% compared to FY2019 insurance premium (\$2,592,091.20). The Port's insurance premiums have fluctuated historically depending on the market conditions or change in Port assets. The following are historical and background information to consider as the factors for this fiscal year's insurance premium increase:

- The insurance premium over the past 12 fiscal years have increased and decreased based on "market conditions" and coverage of Port assets.
- The Port anticipated a change in premium for FY2020 and projected a 15% increase, which was approved by the Board in August 2019.
- The authorization to pay the increase in FY2019 was approved by GSA's Chief Procurement Officer in December 2018, which will be used as the authorization to pay for this increase for the upcoming period of insurance coverage.
- AM Insurance provided a justification of the premium increase in FY2020, including assurances that AM Insurance is not covering any Port asset twice.
- Section 6.06 (Insurance) of the 2018 Bond indenture states that the Port will maintain or cause to be maintained insurance on the Port.

The effective date of the insurance is October 1, 2019. Based on this, and as there have been no payment (partial or full) made to AM Insurance to date, staff was advised to proceed with issuing payment. A letter was also sent to the Public Utilities Commission for informational purposes.

8. **Bid Solicitation Updates**

- **Professional Legal Services.** Currently under review.
- **F1 Management.** Currently in cost negotiations.

9. **Grant Opportunities.**

- **Office of Economic Adjustment.** This MOU is currently with Attorney General's Office for review and approval of Award. PAG received grant award notification in the amount of \$800K 2019 OEA grant to fund the following projects: 2020 Port master plan update, deep draft and fill improvements project feasibility study, customs inspection feasibility study, conceptual design and revised SOW for new Admin building annex and renovation of existing Admin building.

- **MARAD.** The Port Infrastructure Development Program grant application is pending MARAD'S review. The application was submitted on September 13, 2019 for the acquisition of two (2) Ship-to-Shore Gantry Cranes in the total amount of \$30M.
- **Office of Insular Affairs.** Planning division is currently working with EQMR and Operations division to submit a grant application for the Maintenance Assistance Program and Technical Assistance Program under OIA.

10. **PAG Comparative Net Income Statement for the Past 10 Fiscal Years.** A report of the Port Authority of Guam's comparative net income statement for the past 10 fiscal years was presented to the Board.

11. **Port Authority of Guam's Overtime Comparison Between Old and New Schedule.** Since the implementation of the new schedule these past four (4) months, the overtime has dropped overall by 14.6%. In tracking the average overtime from October, 2018 to May, 2019 and compared this overall average to September, 2019's overtime, it shows a decrease of 22.4% in overtime expenditures.

V. OLD BUSINESS

There were no old business discussed.

VI. NEW BUSINESS

1. **Resolution Nos. 2019-11 thru 2019-19 Port Retiree's:** Director Taitano made motion to approve Resolution Nos. 2019-11 thru 2019-19 as presented, seconded by Director Chargualaf. Motion was unanimously approved.

2. **Guam Federation of Teachers – Union Contract; Amendment:** As reported in the previous meeting, the Assistant Attorney General's office had reviewed the collective bargaining agreement (CBA) by and between the Port Authority and the Guam Federation of Teachers and had indicated three areas of concern: 1) effective dates of agreement; 2) arbitration clause; and 3) exclusive recognition. As to item 3, Department of Administration had determined that GFT still has exclusive recognition as the collective bargaining organization for the Port Authority of Guam. As to item 1, both parties agreed to amend the effective dates of agreement to reflect that the parties may choose to terminate the CBA not just at the end of the initial term, but also at the end of every subsequent renewal term. And finally, item 2, both parties agreed to remove the arbitration clause in its entirety from the agreement. As a result of the changes made, this matter is now being brought before the Board for approval.

The Vice Chairman made motion to approve the amended collective bargaining agreement by and between the Port Authority of Guam and the Guam Federation of Teachers. Motion was seconded by Director Koki and was unanimously approved.

VII. EXECUTIVE SESSION - Pursuant to Section 8111(c):

There were no executive session discussed.

RECESS: At this time, Director Koki made motion to recess the meeting to Thursday, November 21, 2019 at 3:30 p.m., Port Authority Board Conference Room, Piti. Motion was seconded by Director Taitano and was unanimously passed. The meeting recessed at 3:29 p.m.

RECONVENED: There being a quorum, the Chairman called the meeting to order at 3:31 p.m., Thursday, November 21, 2019. Present at the meeting were:

Francisco G. Santos, Chairman
Isa Marie C. Koki, Board Secretary
Maria D.R. Taitano, Member
Anthony P. Chargualaf, Member
Rory J. Respicio, General Manager
Dominic G. Muna, Deputy General Manager, Operations
Atty. Joseph McDonald, Port Staff Attorney

Absent was Vice Chairman Nathan Taimanglo and Ms. Connie Jo Shinohara, Deputy General Manager of Admin/Finance.

VII. EXECUTIVE SESSION - Pursuant to Section 8111(c):

At this time, the Board went into executive session at 3:32 p.m. Motion made by Director Koki, seconded by Director Taitano and was unanimously approved. Executive session ended at 4:08 p.m. The Board is now back in open meeting session.

Items addressed in executive session includes:

1. Legal Matters

VIII. ADJOURNMENT

There being no further business to discuss, it was moved by Director Taitano and seconded by Director Koki to adjourn the meeting at 4:09 p.m. The motion was unanimously passed.



ISA MARIE C. KOKI, Board Secretary
Board of Directors

APPROVED BY:



FRANCISCO G. SANTOS, Chairman
Board of Directors





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General Manager's Report for Board of Directors
December 3, 2019

(Note, last General Manager's Report for Board of Directors was on November 19, 2019)

1. **AM Insurance Update.** We are scheduled to appear before the Public Utilities Commission on December 5, 2019, for PAG Docket 20-02, PAG Insurance Coverage. At issue is the premium increase resulting from market conditions, which triggered the PUC's requirement of being noticed since the actual contract exceeds 10%. Specifically, based on No.10 of the contract protocol, the estimated amount authorized by the Commission for this 5-year contract is \$11,860,907.35. Adding 10% to the authorized contract amount will be a total of \$13,046,998.09. The actual amount for the first three years of this insurance contract is \$7,952,074.84. So, based on the average amount for the first three years of the insurance contract which is averaging at \$2,650,691.61, the estimated amount for five years will be \$13,253,458.07. This will result in a variance of \$206,459.98 over the approved amount plus 10%. We will get a chance to clarify with the PUC's ALJ if No. 5 of the contract review protocol, which is the threshold for PUC's review when the amount exceeds \$1M, and how this will be applied if the total increase for this contract is less than \$1M.

2. **Letter from Port Users Group to PAG Chairman Frank Santos.** We received a letter, dated December 2, 2019, from Mr. Joseph Cruz, Chairman of the Port Users Group of Guam. The Port Users Group has undertaken an initiative, in conjunction with the PAG and Customs. This initiative seeks to digitize the cargo tracking, which would provide for greater efficiencies for fee capture and revenue retention for the PAG, as well as developing a robust, user-friendly shared interface that is instantaneously accessible to the PAG, Customs and Quarantine and the Port Users Group. They also point out that under the Leon Guerrero-Tenorio Administration's heightened safety and security policies, Port Users Group is seeking a cost-effective solution that is tailor-made to fit Guam's specific needs.

They are seeking \$100K financial allocation in the form of a grant to fund this digital-tracking study to be overseen by the Port Users Group.

3. **H-Wharf Rehabilitation Project.**
 - a. **Construction Management RFP** is currently under SAAG review
 - b. **Pending WSP's** completion of coral relocation work
 - c. **Awaiting EPA** water quality permit issuance

4. **Bid Solicitation Updates**
 - a. **Professional Legal Services.** Currently under review.
 - b. **F1 Management.** Currently in cost negotiations.

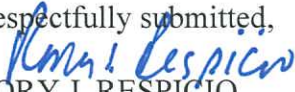
5. **Grant Opportunities.**

- a. **EDA Grant Application.** Planning has completed a grant application for F1 and Golf Pier fuel pipeline connectivity in the amount of \$2M.
- b. **Department of Agriculture Grant.** The Port has recently received \$500K grant funds to support the repair work of Harbor of Refuge. Currently pending MOU from Agriculture.
- c. **Office of Economic Adjustment. *No new developments.*** This MOU is currently with the Attorney General's Office for review and approval of the Award. PAG received grant award notification for \$800K 2019 OEA grant to fund the following projects:
 - i. 2020 Port Master Plan Update
 - ii. Deep Draft and Fill Improvements Project Feasibility Study
 - iii. Customs Inspection Feasibility Study
 - iv. Conceptual Design and Revised SOW for New Admin Building Annex & Renovation of Existing Admin Building.
- d. **MARAD. *No new developments.*** The Port Infrastructure Development Program grant application is pending MARAD'S review. The application was submitted on September 13, 2019, for the acquisition of two (2) Ship-to-Shore Gantry Cranes in the total amount of \$30M.
- e. **Office of Insular Affairs. *No new developments.*** The planning division is currently working with EQMR and Operations division to submit a grant application for the Maintenance Assistance Program and Technical Assistance Program under OIA.

6. **Overtime Comparison Between Old and New Schedule (Operations and Maintenance Departments).** In FY 2019, Operations were implementing the Old Gang Schedule from Oct. 2018 to May 2019 at 10 hours for day and night shift. Starting June 2019, the Port Operations implemented the new schedule of 8 hours for employees in the day shift and night shift. The first table is a comparison between the average overtime from Oct. 2018 to May 2019 versus the overtime in October 2019. The second table is a comparison between the average overtime from Oct. 2018 to May 2019 versus the average overtime from June to October 2019. (See attached).

Please note that the \$200 increase in overtime for October, 2019 compared to the average overtime from October, 2018 through May, 2019 is attributed in several late vessel arrivals requiring weekend work on October 4, 5, and 6, 2019. Nonetheless, vessels were charged a premium rate and all labor costs were recovered per the tariff.

On the overall comparison between the average overtime from Oct. 2018 to May 2019 versus the average overtime from June to October 2019 is down by 11.7%, or a savings of \$13,155.

Respectfully submitted,

RORY J. RESPICIO
General Manager



December 2, 2019

Honorable Francis G. Santos
Chairman of the Board
Port Authority of Guam
Suite 201, 1026 Cabras Highway
Piti, Guam 96915 USA

RE: Grant Request for Digital Cargo-Tracking Study

Dear Mr. Chairman,

The purpose of this letter is to request a \$100,000.00 financial allocation in the form of a research grant for approval by the Port Authority of Guam Board of Directors. This grant would fund a digital cargo-tracking study to be overseen by the Port Users Group of Guam.

For the better part of the last year, a special PUGG task force has been researching cloud-based data solutions to help quicken the pace and heighten the integrity of cargo clearance at the Jose D. Leon Guerrero Commercial Port in preparation for exponential cargo weight and volume growth approaching peak construction during Guam's military buildup. Throughout the course of our research, PUGG's due diligence standard has remained a measure of efficiency that enhances user fee capture and revenue retention while scaling up contraband and invasive species interdiction. The tool we aim to design, build, and commission is a robust, user-friendly, shared interface that is instantaneously accessible to the Port Authority, Port Users, and Customs and Quarantine Agency alike and that tracks shipments from embarkation through disembarkation.

Under the priority of the Leon Guerrero-Tenorio Administration's heightened safety and security policies and through the guidance and recommendations of Governor Leon Guerrero's Chief Advisory on Economic Development, National and International Affairs, PUGG seeks a cost-effective solution that is tailor-made to fit Guam's specific needs. As you know, PAG still uses a labor-intensive paper-based system for monitoring the safety, security, and proper taxation of cargo shipments into Guam. For the benefit of all concerned, PUGG seeks a sustainable solution to help all port stakeholders advance logistical integrity and the efficiency of seaport operations. This worthwhile endeavor will require a study to be undertaken by qualified subject matter experts, and thus the need for underwriting.

PUGG hereby asks that this grant request be included as an agenda item put up for timely discussion and a vote at your next Board meeting, Tuesday, December 3, 2019.

Very Truly Yours,

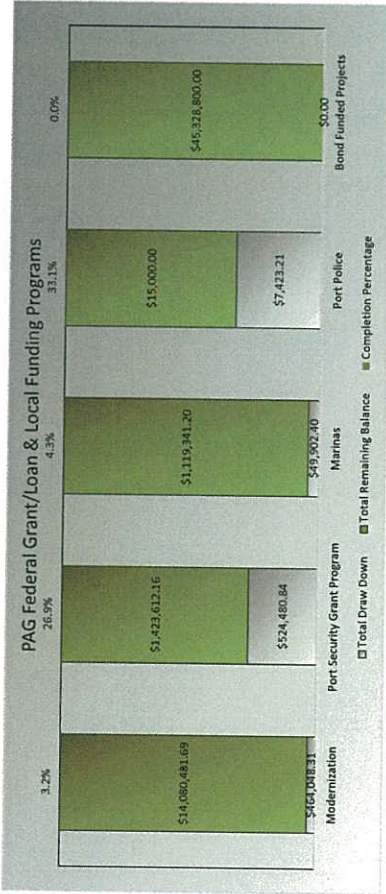

Joseph Cruz
Chairman
Port Users Group of Guam

PORT AUTHORITY OF GUAM
OVERTIME COMPARISON BETWEEN OLD AND NEW SCHEDULE
 Operations and Maintenance Departments

Department	I. Ave OT YTD May 19 vs Oct. 19			II. FY19 Ave.Old vs Ave.New Schedule				
	Ave OT Oct'18 - May'19	Oct-19	\$ Variance	% Variance	Ave OT Oct'18 - May'19	Ave OT Jun - Oct'19	\$ Variance	% Variance
Stevedoring								
Cargo Handling	30,741	40,196	9,456	30.8%	30,741	26,102	-4,639	-15.1%
Rigging	776	739	-37	-4.8%	776	469	-307	-39.6%
Terminal	21,068	18,168	-2,900	-13.8%	21,068	15,493	-5,575	-26.5%
Transportation			0			0		
Superintendent	6,851	7,725	874	12.8%	6,851	9,116	2,265	33.1%
Crane Operators	10,265	6,548	-3,717	-36.2%	10,265	7,865	-2,400	-23.4%
Equipment Operators	25,558	23,862	-1,696	-6.6%	25,558	23,148	-2,409	-9.4%
Dispatcher	1,959	2,470	511	26.1%	1,959	2,436	477	24.4%
Maintenance			0			0		
Crane Maintenance	10,528	8,671	-1,857	-17.6%	10,528	8,804	-1,723	-16.4%
Facility Maintenance			0			0		
Electrical/Refrigeration	5,134	4,699	-434	-8.5%	5,134	6,290	1,156	22.5%
	112,879	113,079	200	0.2%	112,879	99,724	-13,155	-11.7%

- * In FY 2019, Operations were implementing the Old Gang Schedule from Oct. 2018 to May 2019 at 10 hours for day and night shift.
- * Starting June 2019, the Port Operations implemented the new schedule of 8 hours for employees in the day shift and night shift.
- * This table is a comparison between the average overtime from Oct. 2018 to May 2019 versus the overtime in October 2019.
- * The second comparison is between the average overtime from Oct. 2018 to May 2019 versus the average overtime from June to October 2019.

**FY 2019 Port Modernization Plan
Grant/Bond Strategy - Monthly Update
As of November 29, 2019**



Grant Program	Total Award Amount	Total Draw Down	Total Remaining Balance	PROCURMENT IFB/RFP/PO Number	Status
Modernization	\$14,544,530.00	\$464,048.31	\$14,080,481.69		
DTMA91G1600007 - Rehabilitation of "H" Wharf	\$10,000,000.00	\$0.00	\$10,000,000.00		NTP issued September 9, 2019. Procurement packet being developed. TO 7 work is ongoing. MOU and Work Request being processed.
GR882-13-01 - Owner's Agent Engineer Support Services	\$900,000.00	\$411,996.16	\$488,003.84		
GR882-19-04 - Owner's Agent Engineer Support Services	\$800,000.00	\$0.00	\$800,000.00		
Port Enterprise Fund - Port of Guam Construction Deficiencies and Equipment Purchases	\$2,844,530.00	\$52,052.15	\$2,792,477.85	Project 1 - IFB No. PAG-CIP-019-001 for \$139,449.00 awarded to American Builder LLC Project 2 - IFB No. PAG-CIP-019-002 for \$82,940.00 awarded to Highway Safety Services LLC Project 3 - PO No. 15449-OF for \$10,311 awarded to AB Mer Construction Project 4 - PO No. 15213-OS for \$1,639,976 awarded to Morrigo Equipment LLC, anticipated delivery date January 21, 2020	Project 1 - Repainting of Terminal Booths, Container Yard CMU Wall, and Removal and Replacement of Barbwire and Tiedowns - Ongoing Project 2 - New Container Yard Re-Striping - Completed November 16, 2019. Project 3 - Relocation of Utility Feeder Line from Pump House Building to Load Center 5 Secondary Feeder Line - Complete Project 4 - Acquisition of Loaded Container Handling Equipment (Top Lifters) - Ongoing
Marinas	\$1,169,243.60	\$49,902.40	\$1,119,341.20		
F14AP00191 - Harbor of Refuge Moorage Repairs - Phase 2	\$56,484.60	\$14,765.40	\$41,719.20		Grant Amount Adjusted to \$56,484.60 as indicated on MOU; Revised MOU was reviewed by PAG legal counsel. DOAG, PAG, and BBMR concurred with MOU. MOU is now subject to review and approval to form by the AG and the Governor.
F16AP00261 - Harbor of Refuge Moorage Repairs - Phase 3	\$200,000.00	\$11,895.00	\$188,105.00		Grant Amount Adjusted to \$188,105.00 as indicated on MOU; Revised MOU was reviewed by PAG legal counsel. DOAG, PAG, and BBMR concurred with MOU. MOU is now subject to review and approval to form by the AG and the Governor.
F17AP00486 - Harbor of Refuge Moorage Repairs - Phase 4	\$200,000.00	\$13,194.00	\$186,806.00		Grant Amount Adjusted to \$186,806.00 as indicated on MOU; Revised MOU was reviewed by PAG legal counsel. DOAG, PAG, and BBMR concurred with MOU. MOU is now subject to review and approval to form by the AG and the Governor.
F19AP00334 - Harbor of Refuge Moorage Repairs - Phase 5	\$200,000.00	\$10,048.00	\$189,952.00		Grant Amount adjusted to \$189,952.00 for salary, supplies, and indirect costs for Department of Agriculture. DOAG, PAG, and BBMR concurred with MOU. MOU is now subject to review and approval to form by the AG and the Governor.

Grant Program	Total Award Amount	Total Draw Down	Total Remaining Balance	PROCUREMENT IFB/RFP/PO Number	Status
F19AF01199 - Guam Fisheries Development: Construction of Agat Marina's Dock B	\$512,759.00	\$0.00	\$512,759.00		Awaiting draft MOU and Establishment of Account from the Department of Agriculture.
Port Security Grant Program	\$1,948,093.00	\$524,480.84	\$1,423,612.16		
EMW-2016-PU-00523-501 - Acquisition & Installation of Additional Cameras at Strategic Port Facilities	\$174,849.00	\$0.00	\$174,849.00		No cost extension approved to August 31, 2020. Project will be incorporated with FY 2018 PSGP IJ#2.
EMW-2016-PU-00523-501 - Upgrade & Refurbishment of Existing Damaged Security Light Poles at Strategic Port Locations	\$475,011.00	\$388,288.06	\$86,722.94		Project completed.
EMW-2017-PU-00177-501 - Maintenance and Sustainment Contract for Prime Power Generators	\$179,550.00	\$0.00	\$179,550.00	IFB No. GSA-PAG-004-19	Contract ready for award as of November 14, 2019. Pending issuance of PO as of November 29, 2019.
EMW-2017-PU-00177-501 - Refurbishment and Hardening of Load Center Buildings Housing Prime Power Generators	\$384,469.00	\$30,895.85	\$353,573.15	IFB No. PAG-CIP-019-003 for \$314,450 awarded to Murphy Enterprises Inc.	Awarded to vendor. Pending establishment of business account with PAG and subsequent pre-construction meeting.
EMW-2017-PU-00177-501 - US Coast Guard Multi Agency National Association of State Boating Law Administrators (NASBLA) Training for Port Police	\$56,250.00	\$53,150.00	\$3,100.00	IFB No. PAG-CIP-019-003 for \$314,450 awarded to Murphy Enterprises Inc.	Project completed on August 2018.
EMW-2018-PU-00441-501 - IDEN Technology Redundant Interoperable Communications System Monthly Service	\$94,944.00	\$28,265.56	\$66,678.44		Monthly service is being provided by local company iConnect.
EMW-2018-PU-00441-501 - Maintenance and Sustainment Contract for FEMA-acquired AS&E ZBV Backscatter X-Ray Van	\$195,669.00	\$0.00	\$195,669.00		GSA Bob Kono recommended that the PAG procure the van maintenance service. The PAG received a copy of Customs' 25% cost share. Procurement will be requesting guidance from CPO Claudia Acfalle on best approach.
EMW-2018-PU-00441-501 - Replacement CCTV System Existing Analog Cameras with Digital IP Cameras	\$160,867.00	\$23,881.37	\$136,985.63		CCTV Working Group has been meeting and a final draft of the Phase 1 specifications has been developed and disseminated for review. This funding source will be incorporated with the FEMA approved extension of FY2016 PAGP
EMW-2019-PU-00295-501 - Acquisition & Installation of Prime Power Generator & Components for Load Center 3	\$226,484.00	\$0.00	\$226,484.00		EHP Review has been reviewed and approved by FEMA. Planning will work with Engineering on the development of the SOW.
Port Police	\$22,423.21	\$7,423.21	\$15,000.00		
PT19-03-03PPD - Operation A'dai He Håo (Watch Out!)	\$7,423.21	\$7,423.21	\$0.00		Remaining balance of \$7,576.79 de-obligated. Final close out report submitted to the Office of Highway Safety on October 18, 2019. Pending reimbursement.
PT20-03-03PAG - Operation A'dai He Håo (Watch Out!)	\$15,000.00	\$0.00	\$15,000.00		Grant Project Agreement signed by PAG on September 27, 2019. Pending signatures from remaining departments.
Bond Funded Projects	\$45,328,800.00	\$0.00	\$45,328,800.00		
New Administration Building	\$10,445,000.00	\$0.00	\$10,445,000.00		Amount reduced in line with P.L. 35-44 signed into law October 16, 2019.
Waterline Replacement and Relocation and EQMR Building and Warehouse 1 Repairs and Upgrades	\$11,628,800.00	\$0.00	\$11,628,800.00	RFP No. 2019-03	Approved by PUC on October 31, 2019. Pending completion of SAG.
Golf Pier Repairs and Improvements	\$2,000,000.00	\$0.00	\$2,000,000.00	RFP No. 2019-02 - A&E design for \$484,000 awarded to NC Macario	A&E design pending NTP.
Rehabilitation of "H" Wharf (Port Share)	\$13,774,255.00	\$0.00	\$13,774,255.00		NTP issued September 9, 2019. Procurement packet being developed. Funding level reduced in line with P.L. 35-44 signed into law October 16, 2019.
Other Priority Projects	\$7,480,745.00	\$0.00	\$7,480,745.00		Increased in line with P.L. 35-44 signed into law October 16, 2019 plus \$55,000.00 to bring total amounts to P.L. 34-70 total.
Grand Total	\$63,013,089.81	\$1,045,854.76	\$61,967,235.05		

PORT AUTHORITY OF GUAM
CONTRACT SUMMARY UPDATE

No.	Consultant/Vendor	Type of Service	Solicitation Method Reference No.	Division	Contract Term	Initial Term	Expiration After Options	Next Renewal Due Date	Annual Amount (Comments / Notes)
PROFESSIONAL SERVICES									
1	N.C. Macario & Assoc.	A/E Design and Consulting Services	RFP-016-002	Engineering	2 years with option to renew for 1 additional year	10/07/16 to 10/06/18		-	FULL TERM
2	G4S	Implementation & Integration of TOS	RFP-013-004	IT	5 years	2014 to 2019	2019		FULL TERM
3	A1 - Guam WEBZ	Web Development, Hosting, Support and Maintenance Svcs	RFP-014-006	IT	3 yrs w/ options NTE 5yr	04/03/2015 to 04/02/2018	04/02/20	04/02/19	Fees based on rates
4		Classification/Compensation Position Maintenance	RFP-019-006	HR	Active procurement				to be published by 9/20/19
5	AM Insurance	Insurance Coverages	GSA/PAG-020-17	Finance	5 years	10/01/2017 to 09/30/2022	09/30/22	09/30/19	Premium based
6	AM Insurance	Workers Compensation Coverages	GSA/PAG-018-17	Finance/Safety	1 year - 2017 to 2018	8/1/2018 to 7/31/2019	07/31/19		preparing 2 month extension and bid pk.
7	Matson	Matson-Technical Support Services	RFP-016-003	EQMR	Extended to may 19, 2020	11/4/16 to 11/3/17	11/03/20	05/19/20	490,000.00
8	Bank of Guam	Banking Services	RFP-014-004	Finance	5 years	6/1/14 to 5/31/19	05/31/19		Need New RFP
9		Risk Management Consultant	RFP	Finance	Need to prepare RFP	Pending Requisition and Scope of Work			Need New RFP
10	OMEGA Safety	OSHA Training & Certification Services for Maritime Terminal Operations	RFP-017-003	Human Resources	3yr w/ 2- 1yr options NTE 5 years	8/13/2018 to 8/13/2021	08/13/23	08/13/21	Fees based on rates
11	Pacific Human Resources, Inc.	Drug Free Workplace Program	RFP-015-002	Human Resources	3 yr. w/ 2 options NTE 5 years	03/19/15 to 03/18/2018	03/18/20	03/18/19	Fees based on rates
12		Legal Services	RFP-015-004	Corporate	1 yr w/options NTE 4 years	06/17/15 to 06/16/2016	06/16/19		working on new RFP with AG's office
13	TakeCare dba: FHP	Medical Examination Services	RFP-017-002	Human Resources	3 yr. w/ 2 options NTE 5 years	9/21/17 to 9/20/20	09/20/22	09/20/20	Fees based on rates
14	Pro Marine Technology	Underwater Assessment & Inspection Services	RFP-015-001	HarborMstr	2 yrs w/ 3 options NTE 5yr	07/17/15 to 07/16/2017	07/16/20	07/17/19	Task Order Based
15		M & O of F-1 Fuel Pier Facility	RFP-019-004	Commercial	Active Procurement				notices of award sent
16		Environmental Consulting Services-SWPPP Compliance		Environmental	developing RFP			-	
17	Deloitte & Touche	Annual Independent Audit Services	RFP-018-003	Fiscal	FY18, FY19, FY20, w/ 1yr Option	FY18, FY19, FY20, w/ 1yr Option	12/31/2022	12/31/2021	\$45,000.00
18	Parsons Brinckerhoff /WSP	OAE - Owner Agent Engineer	RFP-015-003	Planning	1 yr w/ 4 options NTE 5 yrs	currently in final option year.	09/08/20	09/08/19	\$2.58mil
19	Nick Captain and Assoc.	Appraisal Consulting Services	RFP-016-001	Commercial	3yrs w/2 options NTE 5yrs	4/13/16 to 4/12/19	04/12/21	04/12/19	

PORT AUTHORITY OF GUAM
CONTRACT SUMMARY UPDATE

No.	Consultant/Vendor	Type of Service	Solicitation Method Reference No.	Division	Contract Term	Initial Term	Expiration After Options	Next Renewal Due Date	Annual Amount (Comments / Notes)
20	N.C. Macario & Associates	A/E Design and Consulting Services Golf Pier	RFP 019-002	Engineering	Pending PUC Notification	3 years w/2 options			Contract Signing on 11/20/19
21	N.C. Macario & Associates	A/E Design and Consulting Services EQMR, Warehouse No.1, Waterline	RFP 019-003	Engineering	Pending PUC Notification	3 years w/2 options			Contract Signing on 11/20/19 Pending SAAG cost negotiations ongoing
22		M&O of F1 Fuel Pier and Facility	RFP-019-004	Commercial					Evaluation Period
23		Classification and Compensation Plan	RFP-019-006	HR	Active solicitation,				
		Legal Services	RFP-019-005	GM	Currently under review with Staff Attorney	1-year with 3 renewal options.			
CONSTRUCTION CONTRACTS									
No.	Consultant/Vendor	Type of Service	Solicitation Method Reference No.	Division	Contract Term	Initial Term	Expiration After Options	Next Renewal Due Date	Annual Amount (Comments / Notes)
1	Korando Corporation	Concrete Asphalt Pavement and Fire Hydrant Repairs	IFB-CIP-17-002	CIP	Project complete				\$2.7 Mil
2	Canton Construction	Agat Marina Demolition and Removal of Dock "B"	IFB-CIP-018-001	CIP	Project Complete				\$50,243.67
3	ProPacific Builders Corp.	Design/Build to Supply & Install 8,000 Gal. Double Wall Fuel Tank w/ Fuel Dispenser & Appurtenances	IFB-CIP-018-002	CIP	Project Complete				\$272,000.00
4	AYM International	Trench Drain Repairs and Upgrade	IFB-CIP-018-003	CIP	Project completed				\$456,759.30
5	Jones & Guerrero	Steel Poles and Solar LED Lighting Installation	IFB-CIP-018-004	CIP	Project Completed				\$336,561.02
6	American Builders LLC	Re-Painting of the CMU Wall and Terminal Booths and Replacement of Barbed Wire.	IFB-CIP-019-001	CIP	122 Calendar Days	Awaiting arrival of barbed wire for installation.			Contract Signed, PO Issued
7	Highway Specialty Services	Thermo Plastic Striping Paint, pavement marking numberings and Alpha characters.	IFB-CIP-019-002	CIP	182 Calendar Days	Work is ongoing			Contract Signed, PO Issued
8	Murphy Enterprises Inc.	Load Center Refurbishment Hardening Project	IFB-019-003	CIP	243 Calendar Days	Contractor signed Contract/Preparing PO for approval			Contractor signed Contract/routing for approval

**Port Authority of Guam
Capital Improvement Projects
Engineering Division
Summary Status**

As of November 29, 2019

Fact Sheet No. 88

Project:	Repainting CMU Wall, Gate Booth 1, 2, and 3 and Container Yard Barbed Wire Replacement
Project No.:	IFB-PAG-CIP-019-001
Project Amount:	\$139,449.00
Funding Source:	Marad
Contractor:	American Builders LLC,
Construction Manager:	PAG Engineering/CIP Division
Notice to Proceed:	August 1, 2019
Project Completion:	November 30, 2019
Work Status:	PAG Engineering and Contractor conducted a final inspection of repainting CMU wall Phase 1. Awaiting arrival of approved razor blade barbed wire and repainting of gate booths. Contractor requested a 91 days time extension and submitted to General Manager for approval. Work progress is at 83%.

Project:	Remove and Replace Thermoplastic Paint in Cont. Yard Area U, V and W.
Project No.:	IFB-PAG-CIP-019-002
Project Amount:	\$82,940.00
Funding Source:	Marad
Contractor:	Highway /Safety Services
Construction Manager:	PAG Engineering/CIP Division
Notice to Proceed:	July 15, 2019
Project Completion:	182 calendar days from notice to Proceed
Work Status:	100% Work Completed. Awaits Final Billing and close-out documents.

Project:	Refurbishment and Hardening of Load Center Buildings 1,2,3 and 4.
Project No.:	TBD
Project Amount:	TBD
Funding Source:	PSGP 2017
Contractor:	TBD
Construction Manager:	PAG Engineering/CIP Division
Notice to Proceed:	TBD
Project Completion:	TBD
Work Status:	PAG Procurement to issue a Final Contract before issuance of Purchase Order. Contractor to submit documents required by accounting department.

Project:	Fabrication of Canopy Concrete Floor Slab in Agat Marina
Project No.:	P.O. No. 15964 - OF
Project Amount:	\$9,850.00
Funding Source:	Port Authority of Guam
Contractor:	RDE General Contraction
Construction Manager:	PAG Engineering/CIP Division
Notice to Proceed:	TBD
Project Completion:	1 month
Work Status:	PAG Engineering conducted a Pre – construction meeting to Contractor. Contractor Notice To Proceed starts on November 25, 2019. Contractor starts mobilizing to project area.

Project:	Harbor of Refuge Pump Station and Installation of Waste Water Injector Pump
Project No.:	TBD
Project Amount:	TBD
Funding Source:	Dept. of Agriculture Fish and Wild Life Boating Grant
Contractor:	TBD
Construction Manager:	PAG Engineering/CIP Division
Notice to Proceed:	TBD
Project Completion:	TBD
Work Status:	Awaits MOU approval from Attorney General and Governor.

Project:	Harbor of Refuge Installation of Mooring Blocks
Project No.:	TBD
Project Amount:	TBD
Funding Source:	Dept. of Agriculture Fish and Wild Life Boating Grant
Contractor:	TBD
Construction Manager:	PAG Engineering/CIP Division
Notice to Proceed:	TBD
Project Completion:	TBD
Work Status:	Awaits MOU approval from Attorney General and Governor.

Project:	Rehabilitation of H-Wharf and Access Road
Project No.:	TBD
Project Amount:	TBD
Funding Source:	PAG Engineering/CIP Division
Contractor:	TBD
Construction Manager:	PAG Engineering/CIP Division
Notice to Proceed:	TBD
Project Completion:	TBD
Work Status:	Meet with WSP and Designer Duenas and Associates. Awaits approval on permitting regarding 401 Water Quality Certification, Coral Restoration Permit from DAWR and U.S. Army Corps of Engineer. On-going.

Project:	A/E Services for Golf Pier Repair
Project No.:	RFP-PAG-019-002
Project Amount:	TBD
Funding Source:	PAG Engineering/CIP Division
Designer:	N.C. Macario and Associates
Construction Manager:	PAG Engineering/CIP Division
Notice to Proceed:	TBD
Design Completion:	6 months
Work Status:	Contract signing was held last November 20, 2019 between Port Authority of Guam and N.C. Macario for A/E Design. Awaits Purchased Order and N.T.P.

Project:	A/E Services for EQMR & Warehouse I Building and Relocation of PAG Water Line
Project No.:	RFP-PAG-019-003
Project Amount:	TBD
Funding Source:	PAG Bond Funding
Designer:	N.C. Macario and Associates
Construction Manager:	PAG Engineering/CIP Division
Notice to Proceed:	TBD
Project Completion:	8 months
Work Status:	As of November 13, 2019, Contract signing is scheduled on November 20, 2019 between Port Authority of Guam and N.C. Macario for A/E Design.

Project:	New Administration Building Construction
Project No.:	TBD
Project Amount:	TBD
Funding Source:	PAG Engineering/CIP Division
Contractor:	TBD
Construction Manager:	PAG Engineering/CIP Division
Notice to Proceed:	TBD
Project Completion:	TBD
Work Status:	Awaits PAG Procurement for the advertisement of A/E Professional Services.

Project:	Supply and Install New 61 Ea. 480 Volts Reefer Outlets at Area S.
Project No.:	TBD
Project Amount:	\$1,500,000.00
Funding Source:	FMF
Contractor:	TBD
Construction Manager:	TBD
Notice to Proceed:	TBD
Project Completion:	TBD
Work Status:	Project under review by PAG Legal and awaits procurement action.

FY-19 WORK INJURY REPORT
 (01/01/19 to 12/31/19)

<u>Divisions</u>	<u>*Lost-time</u>	<u>**Recordable</u>	<u>*** Refused Treatment</u>
Stevedoring	6	0	0
Transportation	3	0	0
Terminal	0	0	0
EQMR	2	0	0
Others	<u>1</u>	<u>0</u>	<u>0</u>
Total	12	0	0

Work Injury Summary for this reporting period: 12/2/2019

Total Injuries for FY-19 to date: 11–Injury

11-- Lost-time
 0– Recordable
 0– Refused Medical Attention

Last disabling work injury was on: 11/22/19

Number of days since last disabling work injury: 15-days

Note: PAG best record was 222 days or 7 months w/o a disabling work injury

***Lost-time** = If an employee was injured on the job and medical doctor sent him/her home, his/her injury is considered a lost-time.

****Recordable** = If an employee was injured on the job and medical doctor treated him/her and released him/her back to work on the same day (Recordable because of medical charges).

*****Refused Medical Attention:** Filed WC Forms 201 & 202 for record purposes only.



PORT OF GUAM
ATURIDAT I PUETTON GUAHAN
Jose D. Leon Guerrero Commercial Port
1026 Cabras Highway, Suite 201, Piti, Guam 96925
Telephone: 671-477-5931/35 Facsimile: 671-477-2689/4445
Website: www.portguam.com



Lourdes A. Leon Guerrero
Governor of Guam
Joshua F. Tenorio
Lieutenant Governor

December 2, 2019

MEMORANDUM

TO: Board of Directors

FROM: Rory J. Respicio, General Manager *Rory J. Respicio*

SUBJECT: Guam Shipyard – Memorandum of Understanding

Buenas yan Hafa Adai! As part of the General Manager's report at the November 19, 2019 Board of Director's meeting, we submitted the following regarding our efforts to demolish, dismantle, and dispose of the Port's two inoperative ship-to-shore (STS) container cranes (aka gantry cranes), and (2) lift, cut, and dispose of the Port's partially sunk barge located in the waters adjacent to F-6 pier.

Here is the excerpt of that report for your quick reference:

Guam Shipyard. *The PAG Board on March 29, 2019 authorized the General Manager to seek a resolution to the Jose D. Leon Guerrero Commercial Port aka Port Authority of Guam v. Guam Industrial Services, Inc. dba Guam Shipyard (Case No. CV 1114-18). Since then, we have been working diligently with Ms. Selina Ashland from the Guam Shipyard and the Port Users Group to develop a reasonable resolution to cure their debt to the Port by way of providing a service in lieu of cash payment. Specifically, the Guam Shipyard will (1) demolish, dismantle, and dispose of the Port's two inoperative ship-to-shore (STS) container cranes (aka gantry cranes), and (2) lift, cut, and dispose of the Port's partially sunk barge located in the waters adjacent to F-6 pier.*

Please note that a similar arrangement was attempted on October 4, 2016 between the Port's Deputy General Manager and the President of the Guam Shipyard for the removal of the barge at F-6. The Port's General Manager, at that time, did not move forward with this MOU because "the GM's position on the matter of receivables versus service in lieu of does not align with the terms of the MOU dated October 4, 2016." This project was sent out to bid, and an award for removal of the barge was issued. However, this project DID NOT move forward because the scope of work did not include the lifting of the barge.

There was also a bid that was awarded for the demolition of these inoperative ship-to-shore (STS) container cranes, and another bid was awarded for its removal, after these two cranes have been demolished. However, the company which won the bid cancelled.

Three years later, these Port “assets” are now a liability and must be removed immediately. We maintain that the proposal submitted by Guam Shipyard is an innovative solution which does not require any cash outlay. The initial concerns raised by Port Users Group have been addressed. These concerns are (1) the requirement of a performance bond, which represents the industry standard; (2) a clause providing for liquidated damages in the event the Guam Shipyard does not complete this project within the prescribed time period; and (3) a demolition plan reviewed by the Port’s owner agents.

The next step will be the development of a MOU for the Board’s disposition. This MOU will provide the framework for this agreement providing the necessary checks and balances: the total project costs will be verified by the Port; there will be an established working committee to oversee the execution of this project; and a determination will be made to provide a reasonable means of applying a credit resulting from the total project costs, less the amounts the Guam Shipyard owes the Port. The resulting credit will be applied by the Guam Shipyard for any leases it has with the Port.

Immediately following this PAG Board meeting, we worked on a DRAFT Memorandum of Understanding (MOU) between the Port Authority of Guam and Guam Industrial Services, Inc, (GISI) and also presented this DRAFT MOU to the Port Users Group for their feedback.

This DRAFT MOU is intended to provide a structure to accomplish the following:

1. Provides a mechanism to determine the total cost for these projects, which will be verified by the Port;
2. Provides a mechanism for total debt owed by the GISI to be certified by the Port;
3. Provides for a credit to reconcile the balance resulting from the services rendered by the Guam Shipyard less the GISI’s debt to the Port; and
4. Authorizes the General Manager to work with GISI in the preparation of a lease agreement. Such agreement may include: (1) an offer to lease Foxtrot 6 Pier location or other Port waterfront area that would be suitable to GISI’s operations and dockage requirements; (2) to include the recognition of credits established in this MOU; and (3) the Port will prepare a lease agreement to be submitted to the Board of Directors for approval. Upon approval of the agreement, GISI will be allowed a minimum of 45 days to relocate its equipment and assets to the leased location and perform clean-up at Hotel Wharf.

This DRAFT MOU is constructed as such because in the event this effort does not materialize in this manner, these projects (should management be able to identify the funds needed and such funds are approved by the PAG Board), will be placed out through the IFB process. The details of the above Items 1, 2, and 3 will all be encapsulated in Item 4, and will be subject to PAG Board’s approval.

Memo to the Board of Directors
RE: Guam Shipyard – MOU
December 2, 2019
Page 3 of 4

Also in this DRAFT MOU, please note the following safeguards are included:

1. GISI agrees to perform the crane demolition, as practicable and in accordance with technical specifications submitted by the Port's Owner Agent Engineer, WSP USA, Inc., and submit its demolition, cut and removal plan to the Port within fifteen (15) business days after a site visit and receipt of the technical drawings;
2. GISI and the Port will present a draft plan to the working committee that includes a logistics and scheduling plan on the removal of the cranes and barges to prevent the disruption of vessel and cargo operations at the waterfront and within the terminal facilities;
3. GISI shall conduct a pre-lift inspection of the Barge Removal prior to a scheduled lift date and shall provide a written report to the Port of any challenges that may arise during the lifting operation;
4. GISI shall bear its own direct and indirect costs, including labor, material and all other expenses, incurred in connection with the proposed projects and will not generate any revenue on these projects;
5. GISI shall ensure that employees assigned to the removal projects within the Port terminal facility possess a Transportation Worker Identification Credential (TWIC) card. To assist GISI, the Port may assign its employees to escort those GISI employees who do not possess a TWIC card, at no additional cost to GISI, during the project period;
6. GISI's performance will be in accordance with this agreement and is a settlement in-kind against amounts due and owing to the Port. Upon project completion, any project cost balance exceeding amounts due and owing will be credited to GISI's account with the Port at an agreed abated rate;
7. GISI may commence with the project after all required permits are obtained and the Port issues a Notice to Proceed (NTP), planned for the first quarter of 2020. The Crane Demolition will have a maximum period of performance of 182 days (or 6 months) and the Barge Removal with an estimated period of performance of 30 to 45 days after the NTP is issued;
8. GISI shall furnish a performance bond consistent with standard Government of Guam contracting. Such deposit may be in the form of a bid bond, cashier's check, or certified check made payable to the Jose D. Leon Guerrero Commercial Port. Port will retain the security for the entire period of the performance. Upon completion of the projects, any "performance" security shall be returned and released to GISI; and

Memo to the Board of Directors
RE: Guam Shipyard – MOU
December 2, 2019
Page 4 of 4

9. GISI acknowledges that time is of essence; therefore, should GISI fail to complete the proposed projects within the time agreed upon by both parties or within such extended time as may have been allowed by the Port, GISI shall be liable to the Port in the amount of One Thousand Dollars (\$1,000.00 USD), as liquidated damages, for each day of overrun beyond the agreed upon completion date or such extended time as may have been allowed. The daily charge shall be made for every day shown on the calendar beyond the agreed upon completion date. The Port may deduct from monies to be credited to GISI with the Port.

Moreover, there are two other additional items of extreme importance:

1. Joint Indemnification: The Port and GISI jointly agree that each party shall indemnify and hold harmless each organization and its officers, agents, Board members and employees from or on account of any claims, losses, expenses, injuries, damages, actions, lawsuits, judgments, or liability resulting or arising from (but only to the extent caused or contributed to by) the negligent or wrongful act or omission or in the performance or non-performance of services under this Agreement; and
2. Port Limited Liability: The Port assumes no liability for any accident, loss, claim, judgment, action or injury that may occur to GISI, its officers, directors, agents, servants, subcontractors and/or employees, and/or to the personal property of any such person or entity, arising out of the performance of services under this Agreement, that is caused by a non-party to this agreement. The Port's liability shall be limited to the extent that an injury is caused or contributed to by the negligent act or omission of the Port. In addition, no Board member, officer, agent, or employee of both the Port and GISI shall be liable personally under or by reason of this agreement or any of its provisions.

Should you agree to this DRAFT MOU, and should the terms remain favorable to both GISI and the Port Users Group, I will request the Port's In-house Counsel and the Government of Guam's Chief Procurement Officer to determine if this DRAFT MOU could be solely approved by the PAG Board and will not require the Legislature and the Governor's approval, and does not have to be executed in accordance with 5 GCA, which is Guam's Procurement Law.

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE PORT AUTHORITY OF GUAM AND
GUAM INDUSTRIAL SERVICES, INC.**

This Memorandum of Understanding (MOU) is entered into this ____ day of _____, 2019, by and between the PORT AUTHORITY OF GUAM, whose mailing address is 1026 Cabras Highway, Suite 201, Piti, Guam 96925 (hereinafter referred to as the “Port”) and GUAM INDUSTRIAL SERVICES, INC., whose mailing address is 151 W. Harmon Industrial Park Rd., Unit A, Tamuning, Guam 96913 (hereinafter referred to as “GISI”)

RECITALS

WHEREAS, on March 29, 2019 the Board of Directors authorized the General Manager to seek resolution to Case No. CV 1114-18, litigation between the Port and GISI;

WHEREAS, the General Manager has been working diligently with GISI and the Port Users Group of Guam (PUGG) to develop a reasonable plan to liquidate GISI’s debt to the Port by way of providing a service in lieu of cash payment;

WHEREAS, such service will entail GISI to (1) demolish, dismantle and dispose of the Port’s two inoperative Ship-To-Shore (STS) container cranes (also known as gantry cranes, and (2) lift, cut, and dispose the Port’s partially sunken barge located in the waters adjacent to Foxtrot 6 Pier;

WHEREAS, a similar arrangement was attempted by on October 4, 2016 between the Port’s former Deputy General Manager for Operations and the President of GISI for the removal of the barge at Foxtrot 6 Pier; however, it was not achieved;

WHEREAS, in spite of an Invitation For Bid (IFB) announcement for the removal of the barge and an award subsequently issued, the project did not move forward because the scope of work did not include the lifting of the barge;

WHEREAS, a contract was awarded for the demolition of two (2) decommissioned gantry cranes and a contract awarded for the removal of the steel;

WHEREAS, after the completion of an assessment of the inoperable cranes, the awarded company informed the Port of their intent to cancel their contracts;

WHEREAS, three (3) years later, these Port assets are now a liability and must be removed immediately;

WHEREAS, GISI submitted a proposal which does not require any cash outlay for the removal of the cranes and barge;

WHEREAS, after presenting the proposal to the PUGG, their recommendations are as follows: (1) Require GISI to present a performance bond representing the industry standard; (2) incorporate a clause in the MOU for liquidated damages in the event GISI does not complete the project within a prescribed time period; and (3) require a demolition plan be presented and reviewed by the Port's Owner Agent Engineer consultants;

WHEREAS, on November 19, 2019, the Board of Directors authorized the General Manager to develop a MOU for the Board's disposition and such MOU will include the following necessary checks and balances: (1) the Port will verify the total project cost to be presented by GISI; (2) a working committee comprised of the Port and PUGG representatives will be established to oversee the execution of the project; (3) a determination will be made to provide reasonable means of applying credit resulting from the total project cost, less the amount GISI owes the Port; and the resulting credit will be applied to lease agreements between the Port and GISI.

AGREEMENT

IN CONSIDERATION of the above, it is in the parties' determination that it is in their mutual interest to resolve the dispute in lieu of civil action and that any settlement agreement shall resolve all prior claims asserted by the Port against GISI and without GISI admitting any liability.

Both parties agree that GISI will perform the following two (2) projects:

1. Demolition, dismantling and disposal of the Port's two (2) decommissioned gantry cranes. The project will be referred to as "Crane Demolition".
2. Lifting, cutting and disposal of the Port's partially sunken Barge (YFN-816) located in the waters adjacent to Foxtrot 6 Pier. The project will be referred to as "Barge Removal".

Both parties further agree to perform the following responsibilities:

1. GISI agrees to perform the crane demolition, as practicable and in accordance with technical specifications submitted by the Port's Owner Agent Engineer, WSP USA, Inc., and submit its demolition, cut and removal plan to the Port within fifteen (15) business days after a site visit and receipt of the technical drawings.
2. GISI and the Port will present a draft plan to the working committee that includes a logistics and scheduling plan on the removal of the cranes and barges to prevent the disruption of vessel and cargo operations at the waterfront and within the terminal facilities.
3. GISI shall conduct a pre-lift inspection of the Barge Removal prior to a scheduled lift date and shall provide a written report to the Port of any challenges that may arise during the lifting operation.

4. GISI shall bear its own direct and indirect costs, including labor, material and all other expenses, incurred in connection with the proposed projects and will not generate any revenue on these projects.
5. The Port shall be responsible for obtaining any and all required clearances, permits or other requirements to facilitate the Barge Removal and Crane Demolition from its current locations up to and including placement onto the terminal facilities.
6. GISI shall ensure that employees assigned to the removal projects within the Port terminal facility possess a Transportation Worker Identification Credential (TWIC) card. To assist GISI, the Port may assign its employees to escort those GISI employees who do not possess a TWIC card, at no additional cost to GISI, during the project period.
7. GISI's performance will be in accordance with this agreement and is a settlement in-kind against amounts due and owing to the Port. Upon project completion, any project cost balance exceeding amounts due and owing will be credited to GISI's account with the Port at an agreed abated rate.
8. GISI may commence with the project after all required permits are obtained and the Port issues a Notice to Proceed (NTP), planned for the first quarter of 2020. The Crane Demolition will have a maximum period of performance of 182 days (or 6 months) and the Barge Removal with an estimated period of performance of 30 to 45 days after the NTP is issued.
9. GISI shall furnish a performance bond consistent with standard Government of Guam contracting. Such deposit may be in the form of a bid bond, cashier's check, or certified check made payable to the Jose D. Leon Guerrero Commercial Port. Port will retain the security for the entire period of the performance. Upon completion of the projects, any "performance" security shall be returned and released to GISI.
10. GISI acknowledges that time is of essence; therefore, should GISI fail to complete the proposed projects within the time agreed upon by both parties or within such extended time as may have been allowed by the Port, GISI shall be liable to the Port in the amount of One Thousand Dollars (\$1,000.00 USD), as liquidated damages, for each day of overrun beyond the agreed upon completion date or such extended time as may have been allowed. The daily charge shall be made for every day shown on the calendar beyond the agreed upon completion date. The Port may deduct from monies to be credited to GISI with the Port.
11. The Port shall permit GISI to continue to occupy and utilize Hotel Wharf for its operations and dockage requirements during the performance of these projects.
12. The Port Board of Directors have authorized the General Manager to work with GISI in the preparation of a lease agreement. Such agreement may include: (1) an offer to lease Foxtrot 6 Pier location or other Port waterfront area that would be suitable to

GISI's operations and dockage requirements; (2) to include the recognition of credits established in this MOU; and (3) the Port will prepare a lease agreement to be submitted to the Board of Directors for approval. Upon approval of the agreement, GISI will be allowed a minimum of 45 days to relocate its equipment and assets to the leased location and perform clean-up at Hotel Wharf.

13. Joint Indemnification: The Port and GISI jointly agree that each party shall indemnify and hold harmless each organization and its officers, agents, Board members and employees from or on account of any claims, losses, expenses, injuries, damages, actions, lawsuits, judgments, or liability resulting or arising from (but only to the extent caused or contributed to by) the negligent or wrongful act or omission or in the performance or non-performance of services under this Agreement.

14. Port Limited Liability: The Port assumes no liability for any accident, loss, claim, judgment, action or injury that may occur to GISI, its officers, directors, agents, servants, subcontractors and/or employees, and/or to the personal property of any such person or entity, arising out of the performance of services under this Agreement, that is caused by a non-party to this agreement. The Port's liability shall be limited to the extent that an injury is caused or contributed to by the negligent act or omission of the Port. In addition, no board member, officer, agent, or employee of both the Port and GISI shall be liable personally under or by reason of this agreement or any of its provisions.

IN WITNESS WHEREOF, the Parties have executed this Memorandum of Understanding upon the day and date first written above.

PORT AUTHORITY OF GUAM

GUAM INDUSTRIAL SERVICES, INC.

By: _____
RORY J. RESPICIO
General Manager

By: _____
MATHEWS POTHEM
President

Date: _____

Date: _____

By: _____
FRANCISCO G. SANTOS
Chairman, Board of Directors

Date: _____

BOARD OF DIRECTORS
Francisco G. Santos, Chairman
Nathan T. Taimanglo, Vice Chairman
Isa Marie C. Koki, Board Secretary
Maria D.R. Taitano, Member
Anthony P. Chargualaf, Jr., Member



Resolution No. 2019-20

**RELATIVE TO APPROVING THE SETTLEMENT AGREEMENT
BETWEEN THE PORT AUTHORITY OF GUAM AND
MRS. LEONORA V. LEON GUERRERO**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PORT AUTHORITY OF GUAM:

WHEREAS, the Port Authority of Guam and Mrs. Leonora V. Leon Guerrero are presently engaged in litigation under Civil Service Commission Case No. 13-AA11T-SP; and

WHEREAS, on October 11, 2019, the Board of Directors took lawful action in executive session that Port Legal Counsel engage with Mrs. Leon Guerrero's attorney and amicably resolve the adverse action appeal through a settlement agreement; and

WHEREAS, on _____, a settlement has been agreed upon by both parties; and

WHEREAS, it is in the best interest of the Port Authority of Guam to accept said settlement and terminate the litigation; now therefore be it

RESOLVED, the Port Authority of Guam accept the settlement agreement as presented to the Board of Directors and as set forth in the terms and conditions of the agreement; and be it further

RESOLVED, the General Manager of the Port Authority of Guam is authorized to execute and deliver all documents and undertake such acts as are necessary to comply with the terms of the settlement; and be it further

RESOLVED, the General Manager notify Civil Service Commission of the settlement and both parties' desires to withdraw the litigation before the Commissioners; and be it further

RESOLVED, that the Chairman certify, and the Secretary attest to, the adoption hereof, and that a copy of the resolution, along with the settlement agreement, be transmitted to the Civil Service Commission for their final disposition.

**PASSED AND ADOPTED UNANIMOUSLY BY THE BOARD OF
DIRECTORS THIS 3rd DAY OF DECEMBER, 2019.**

FRANCISCO G. SANTOS
CHAIRMAN, BOARD OF DIRECTORS
PORT AUTHORITY OF GUAM

ISA MARIE C. KOKI
SECRETARY, BOARD OF DIRECTORS
PORT AUTHORITY OF GUAM