

**BOARD OF DIRECTORS**

*Francisco G. Santos, Chairman*

*Nathan T. Taimanglo, Vice Chairman*

*Isa Marie C. Koki, Board Secretary*

*Dorothy P. Harris, Member*



**Resolution No. 2021-07**

**RELATIVE TO AUTHORIZING THE GENERAL MANAGER TO USE PORT REVENUES, PORT UNRESTRICTED FUNDS AND/OR OTHER REVENUES AND FEDERAL GRANTS TO SUPPLEMENT THE FUNDING OF REVENUE BOND PROJECTS, ALL OF WHICH SHALL REMAIN SUBJECT TO PROCURMENT AND PUBLIC UTILITIES STATUTORY REQUIREMENTS.**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE JOSE D. LEON GUERRERO COMMERCIAL PORT:**

**WHEREAS** the Jose D. Leon Guerrero Commercial Port's modernization program is designed to meet the island's growth including the expansion of military and growing tourism market; and

**WHEREAS**, the key project initiatives justified to the bond market investors were: (1) expansion of wharf space to accommodate larger vessel and increase vessel handling capacity; (2) upgrade terminal operating system to allow for automated invoicing, cargo and container tracking, financial management and maintenance management; (3) expansion of existing facilities to support fishing and cruise line industries; and (4) replacement of gantry cranes at the end of the useful life to maintain uninterrupted cargo movement; and

**WHEREAS**, as part of the modernization program, the Port through Public Law 34-70 obtained \$71,445,000 in revenue bonds to finance certain capital improvements and to refinance all or a portion of outstanding loans of the Port Authority; and

**WHEREAS**, on July 20, 2018, Pro Marine Technology submitted an Underwater Assessment and Inspection Services of F-1, F-3, F-4, F-5 and F-6 and based on their assessment found that waterfront facilities were in dire need of repair and provided recommendations for such repairs; and

**WHEREAS**, to ensure the uninterrupted flow in the deployment of fuel products which could be obtained in F-1 fuel Pier or Golf Pier, a connectivity line would need to be installed at F-1 to allow discharged or loaded fuel to be routed to and from other petroleum fuel companies' storage tanks; and

**WHEREAS**, to enhance the Port's invoicing to ensure 100% cost recovery per the established tariffs, the Terminal Operating System and Financial Management systems must be integrated, along with an upgrade of the Port's current information technology system for accurate financial data on the expenses rendered to vessel and related services versus revenues; and

**WHEREAS**, the 2010 Master Plan included a recommendation for the current Port Administration Building be extended with an annex and a bridge connecting the building to the existing building for compliance with the Americans with Disabilities Act (ADA), but such project was changed in the 2013 Master Plan Update which endorsed that a new large building be constructed and the current administration building be demolished; and

**WHEREAS**, the Port presented to Governor Lourdes A. Leon Guerrero and members of the 35<sup>th</sup> Guam Legislature that if the Port pursues the 2010 Master Plan recommendation to construct an annex with a bridge connecting to the existing administration building, a portion of the funding originally earmarked for the construction of the new administration building could otherwise be used to address the deficiencies of the Port's revenue-generating waterfront facilities, a connectivity fuel line between Golf Pier and F-1, and improvements needed for the Port's information technology systems; and

**WHEREAS**, the 35<sup>th</sup> Guam Legislature unanimously agreed that an amendment to Public Law 34-70 would allow for the reprogramming of such bond proceeds needed to address the deficiencies of the Port's revenue-generating facilities, the connectivity fuel line between Golf Pier and F-1 and improvements needed for the Port information systems and all remaining balances, if any, shall be allocated to provide for supplemental funding for the procurement of a new gantry crane; and

**WHEREAS**, on October 16, 2019, Governor Leon Guerrero signed Public Law 35-44 which authorized the reprogramming of the Port Authority revenue bond proceeds and amending the capital improvement projects in Section 4(a) of Public Law 34-70; and

**WHEREAS**, the Port issued procurement on the architectural and engineering (A&E) designs for the Port revenue bond projects and based on the engineering estimates provided in the A&E designs the construction cost associated with the repairs exceeded those outlined in Public Laws 34-70 and 35-44; and

**WHEREAS**, the engineering cost estimates outlined in the revenue bond mandates were obtained in 2014 and the reality is that the costs of construction pegged at 2014 are all severely underfunded; and



**WHEREAS**, because the mandates specifically identifies the revenue bond project costs to be funded by the revenue bond proceeds, it does not allow the Port to reallocate revenue bond proceeds to address the anticipated short-falls of the construction costs for those which has specific costs associated in the mandates; and

**WHEREAS**, Port's management has been actively submitting federal grant applications to fund some of the revenue bond projects, i.e., the fuel connectivity line, which the Port has been informed of the award of \$2.4 million by U.S. Economic Development Administration, freeing up a portion of the revenue bond proceeds for that project; and

**WHEREAS**, the Board of Directors fully understands the need to authorize the General Manager to use other funding sources for the payment of the costs of construction or improvement or any part thereof or any available money or funds of the Port Authority made available by a federal grant to be expended for the purpose of accomplishing the commitment of ensuring the Port's modernization program is not further delayed or jeopardized as a result of the legislative funding caps strictly tied to the 2018 Revenue Bond funds outlined in Public Laws 34-70 and 35-44; and

**WHEREAS**, the Board of Directors also recognize the need for the General Manager to engage with Guam Economic Development Authority, members of the Guam Legislature, and Governor Leon Guerrero on any possible legislative remedies to remove any statutory impediments created by Public Laws 34-70 and 35-44; now therefore be it

**RESOLVED**, that the Board of Directors hereby authorizes the General Manager to utilize Port revenues, unrestricted Port funds and/or other revenues and federal grants to supplement the short-fall funding of the revenue bond projects, all of which shall remain subjected to procurement and public utilities statutory requirements and engage, if necessary, with the Guam Economic Development Authority, members of the 36<sup>th</sup> Guam Legislature, and Governor Leon Guerrero to remove any statutory impediments created by Public Laws 34-70 and 35-44; and be it further

**RESOLVED**, that the Chairman certify to and the Secretary attest to, the adoption hereof and that copies of the same be transmitted to Governor Leon Guerrero; Lt. Governor Joshua F. Tenorio; Speaker Therese M. Terlaje of the 36<sup>th</sup> Guam Legislature; Port's Legislative Oversight Chairperson Senator Telenia C. Nelson of the 36<sup>th</sup> Guam Legislature; and Melanie Mendiola, Administrator of Guam Economic Development Authority for informational purposes only.

**PASSED AND ADOPTED UNANIMOUSLY BY THE BOARD OF DIRECTORS THIS 29th DAY OF July, 2021.**

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

A handwritten signature in blue ink, appearing to read "Isa Marie C. Koki", is written over a horizontal line.

Digitally signed by  
Isa Koki  
Date: 2021.08.09  
10:56:28 +10'00'

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

