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PAG Board Meeting Materials February 13, 2017

BENJAMIN CRUZ <speaker@senatorbjcruz.com> Thu, Feb 16, 2017 at 2:00 PM
To: 34th Guam Legislature Clerks <clerks@guamlegislature.org>
Cc: Rennae Meno <rennae@guamlegislature.org>

In accordance with Section 8113.1, Chapter 8, 5 GCA, the Port Authority of Guam hereby submits an electronic copy of its Board of Directors February 13, 2017 board meeting materials.

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SPEAKER BENJAMIN J.F. CRUZ

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PORT OF GUAM
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1026 Cabras Highway, Suite 201, Piti, Guam 96925
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Eddie Baza Calvo
Governor of Guam
Ray Tenorio
Lieutenant Governor

REGULAR MEETING OF THE BOARD OF DIRECTORS
Jose D. Leon Guerrero Commercial Port
Monday, February 13, 2017
2:00 p.m.

A G E N D A

I. CALL TO ORDER

II. APPROVAL OF MINUTES
- a. December 21, 2016 – Regular Board Meeting
- b. January 19, 2017 – Special Board Meeting

III. PUBLIC COMMENTS:
- a. Public Comments
- b. Employee Comments
- c. PAGGMA Association

IV. GENERAL MANAGER'S REPORT

V. OLD BUSINESS
- a. TOS Updates

VI. NEW BUSINESS
1. Port Audit Fiscal Year 2016
2. Resolution No. 2017-01 Market Rental Analysis
3. Resolution No. 2017-02 Marina User Fees
4. Agat Marina Demolition Dock B Project
5. Budget Transfer Request – Planner IV position
6. Pay Grade Reassignment
7. Invest Guam Symposium 2017 – Sponsorship
8. Travel Authorization Request:
   - a. CONEXPO-CON/AGG Education Professional Development, March 7-11, 2017, Las Vegas, Nevada
   - b. Center for Homeland Defense and Security's 2017 Pacific Executive Leaders Program, March 13-16, 2017, Honolulu, Hawaii
   - c. 2017 Lifesavers National Conference: Highway Safety Priorities, March 26-28, 2017, Charlotte, North Carolina
   - d. ATOSSCOM Executive Committee Meeting, March 27-29, 2017, Pohnpei, Federated States of Micronesia
   - e. AAPA Spring Conference, April 4-6, 2017, Washington DC
   - f. FY2017 National Homeland Security Conference, June 5-8, 2017, Buffalo, New York

VII. ADJOURNMENT

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MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS Thursday, January 19, 2017

I. CALL TO ORDER

There being a quorum, the special meeting of the Board of Directors was called to order at 11:45 a.m., Thursday, January 19, 2017. Present at the meeting were:

Oscar A. Calvo, Vice Chairman
Melanie R. Mendiola, Board Secretary
Maria D.R. Taitano, Member
Joanne M.S. Brown, General Manager
Alfred F. Duenas, Deputy General Manager (Admin/Finance)
Atty. Michael Phillips, Legal Counsel

Absent was Mr. Felix R. Pangelinan, Deputy General Manager (Operations). Also present was Port Oversight Chair-Senator Frank Aguon, Jr.; AM Insurance-AnnMarie Muna, Tricia Granillo; Eloy Hara; Guam YTK-Ed Calvo; Guam Post-David Castro; Marianas Business Journal-Joy White; PNC News-Timothy Mchenry; Pacific Daily News-Shawn Raymundo; KUAM-Nestor Licanto and Port Management staff.

II. NEW BUSINESS

1. **Civil Case No. CV1170-12 Guam YTK:** Legal Counsel mentioned that the decision and order from the trial court affirmed the award from the arbitration panel. Initially, the Port Authority went before the Superior Court and succeeded in having the trial court rule that the Guam YTK was an illegal contract. Most people that look at it understand that the contract itself is, while illegal, the complexity is that can the arbitrators do something with it and they believed they could. The trial court, when it went up on appeal, decided similarly on the belief of the arbitration panel, not holding that the contract is legal, but merely indicating that the arbitrators made their decision. Legal Counsel said should the Port decide to appeal would be before the Supreme Court. The Supreme Court in their initial opinion which sent this matter down to the arbitration panel was very careful not to reverse Judge Anita Sukola's decision that the contract was illegal. The arbitration panel did not agree with Judge Anita Sukola's findings that the contract was illegal. Legal Counsel said he had spoke with the Attorney General of Guam on a number of occasions and believes she is also in full support of this appeal and may file at the very least an *amicus* brief and hopefully the Legislature will do the same because it is a real constitutional question of what can people do, what can government officials do to get around a very clear legislative mandate and prohibition. As to the cost involved, Legal Counsel said when there is an award probably in excess of $14M, the added cost to go to the Supreme Court is really negligible compared to what the plaintiffs are asking for. Legal Counsel recommended for the Port Authority Board of Directors to appeal this matter to the Supreme

Court. He said there are a number of issues that have not been specifically addressed that the Supreme Court could have earlier, but chose not to. There is meaning in that, but notwithstanding any of the complexities involving the issues, just the magnitude of the award. Legal Counsel mentioned that back then Guam YTK was asking for $600,000.00, then later wanted $7M, and now they were awarded $14M. Legal Counsel expressed that the Port has a fair chance of prevailing on an appeal or just financially to allow the Port to incur this kind of obligation and debt when there is that opportunity before the Supreme Court to have it set aside or some other consequence that might dramatically mitigate the numbers currently faced with.

Director Mendiola asked that beyond the additional legal fees, will there be any other cost incurred as a result of going forward. Legal Counsel said this matter has gone on for a number of years, so anywhere from a six months to twelve months span, there will be legal fees associated with it, but would not be a dramatic increase from anything the Board has seen before. It is the same case, just at a different focus level, selection of both issues and strategy. He said perhaps with the assistance of others, there could be an increase, but does not expect it would be a dramatic one. Legal Counsel assured the Board that he would remain in consultation with the General Manager and before any sizable change takes place, it would be brought to the Board's attention. Otherwise, the forecast would be somewhere near the same amount currently being billed and perhaps similar to the prior law firm billing that was working on the same matter.

Without further discussion, Director Mendiola made motion to authorize Legal Counsel to incur the additional sums necessary to defend the Port against the April 4, 2016 Arbitration Award (PAMS15-003) and December 29, 2016 Superior Court of Guam Decision and Order (CV1170-12). The Board directs legal counsel to take this matter before the Guam Supreme Court or other courts as necessary to protect the Port's interest. The Board also authorizes legal counsel to consult with experts and/or retain attorneys specializing in such cases, as legal counsel deems appropriate. Legal Counsel shall continue to report to the General Manager on this case and shall provide a monthly status report to the Board. Motion was seconded by Director Taitano and was unanimously approved.

III. ADJOURNMENT

There being no further business to discuss, it was moved by Director Taitano and seconded by Director Mendiola to adjourn the meeting at 12:05 p.m. The motion was unanimously passed.

MELANIE R. MENDIOLA, Board Secretary
Board of Directors

APPROVED BY:

OSCAR A. CALVO, Vice Chairman
Board of Directors

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Eddie Baza Calvo
Governor of Guam
Ray Tenorio
Lieutenant Governor

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS Wednesday, December 21, 2016

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., Wednesday, December 21, 2016. Present at the meeting were:

Francisco G. Santos, Chairman
Oscar A. Calvo, Vice Chairman
Melanie R. Mendiola, Board Secretary
Maria D.R. Taitano, Member
Felix R. Pangelinan, Deputy General Manager (Operations)
Alfred F. Duenas, Deputy General Manager (Admin/Finance)

Absent was Joanne M.S. Brown, General Manager. Also present was AM Insurance-AnnMarie Muna, Angelica Perez; Guam Post-John O'Connor and Port Management staff.

II. APPROVAL OF MINUTES

a. **November 23, 2016 – Regular Board Meeting:** Director Mendiola made motion to approve the minutes of November 23, 2016 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:** None.

IV. GENERAL MANAGER'S REPORT

There were no General Manager's report.

V. OLD BUSINESS

1. **Retirement: Defined Benefits Plan:** As directed at the previous Board meeting, Mr. Alfred F. Duenas, Deputy General Manager of Administration (DGMA), mentioned that in the case of Mr. Pedro A. Leon Guerrero, and based on legal counsel review, Section 8206, Title 4, Guam Code Annotated appears to entitle Mr. Leon Guerrero to re-admission in the Define

Benefits Plan and he is able to further his application request with the Retirement Fund. The DGMA said in the event Mr. Leon Guerrero opts for re-admission, the financial impact to the Port Authority for the employer contribution will be approximately $60,000.00. As to the employee contribution, Mr. Leon Guerrero is looking at over $90,000.00. The period covers January 5, 2011 through February 17, 2012. The DGMA mentioned that this information will be presented to Mr. Leon Guerrero in how he wishes to move forward.

For record purposes, Section 8206, Chapter 8, Title 4, Guam Code Annotated, states in part:

> §8206(b). Participation in Government of Guam Defined Contribution Retirement System; Limiting Participation in Existing Retirement System.
>
> (b) Any employee who leaves government service after September 30, 1995 who is later reemployed by the Government of Guam shall become a member of the Defined Contribution Retirement System, except persons who are ineligible for membership under § 8206.l; provided, that he or she shall be entitled to readmission to the existing retirement system in which he or she was originally a member if such employee has not withdrawn his or her contributions from the existing retirement system. However, if such employee has withdrawn his or her contributions from the existing retirement system, the readmission to the existing retirement system shall not be permitted and the employee will be entitled only to membership in the Government of Guam Defined Contribution System in accordance with this Article.

2. **H-Wharf Renovations Plans:** For informational purposes, the DGMA mentioned that the Board at its previous meeting approved $225,000.00 for purposes of updating the engineering certification for the design plans of H-Wharf. In moving this project forward, management has since engaged its consultant, Owner/Agent Engineer, Parsons Brinckerhoff that had provided the Port with an estimated cost of $110,000.00 which is well below what the Port had anticipated. The deliverables include design drawings, construction specifications, cost estimate and permit applications. Management will continue to coordinate with OAE on this project.

VI. NEW BUSINESS

1. **Budget Transfer Request:**

a. **Upgrade Internet Bandwidth for PAG Network:** The DGMA mentioned that the Port has been experiencing intermittent interruptions and disconnections of sessions due to the increase in bandwidth usage. The contributing factors impacting the bandwidth sharing include the terminal operating system (TOS), emergency operations center (EOC), upgrade equipment and wireless coverage for handheld terminals. He said the Port's current bandwidth is 50 megabits per second and in order to have a smooth connection in computer network, there is a need to expand the bandwidth to 100 megabits per second. Based on this, Board approval is being requested to transfer the amount of $40,000.00 from the General Expense Utilities to the Internet Access account. Director

Taitano asked whether this upgrade is sufficient to address all network activities of the Port. The DGMA replied positively.

Director Taitano made motion to approve the budget transfer request of $40,000.00 from the General Expense Utilities account to the Internet Access account for the bandwidth upgrade to 100 megabits per second. Motion was seconded by Director Mendiola and was unanimously approved.

b. **Position Conversion of Accounting Technician II:** The DGMA mentioned that management is requesting for a conversion of the unfunded vacant Accounting Technician II position to an Accounting Technician I. Funds to support the Accounting Technician I will be from the Tariff Technician that has since been vacated. He said the approach is to allow for entry level position that will enable personnel advancement in the future.

Director Mendiola made motion to approve the position conversion of Accounting Technician II to Accounting Technician I, funded by the Tariff Technician position, seconded by Director Taitano. Motion was unanimously approved.

c. **Position Conversion of Crane Operator:** Mr. Felix R. Pangelinan, Deputy General Manager of Operations (DGMO), said as the Port increased its cargo handling equipment fleet there presents the need for more equipment operators. The position of Crane Operator has recently been vacated which presents an opportune time to convert said position to an Equipment Operator III that will support the movement of the additional fleet. Director Mendiola asked whether Equipment Operator III also operates cranes. The DGMO mentioned that the Port has a succession plan where on-the-job cross training of equipments are offered to the port employees. This allows for personnel opportunity advancements.

Director Taitano made motion to approve the position conversion and transfer of funds of the Crane Operator to Equipment Operator III, seconded by Director Mendiola. Motion was unanimously approved.

d. **Position Conversion of Plumber I:** The DGMO mentioned that the Maintenance division has requested from management to convert a Plumber I position to a Refrigeration Mechanic II position as it is needed at this time. After having discussed this matter further with the Maintenance division, management agrees with the request. There are 125 reefer slots that will be expanded to an additional 55 slots and 110 air-con units throughout port facilities. This will also help to decrease the overtime in this section. The DGMO said the expertise of a Refrigeration Mechanic II will provide for the regular upkeep and preventive maintenance of these units and equipment that is critical to the needs of the shipping lines and carriers as well as the port operations. Director Taitano asked why the Plumber I position is not needed. The DGMO responded that the Port currently has three Plumber I employees which is sufficient for the Port at this time. The funds to support the Refrigeration Mechanic II will be from the Plumber I and Painter I positions.

The Vice Chairman made motion to approve the position conversion of the Plumber I to Refrigeration Mechanic II position, funded by the Plumber I and Painter I positions. The motion was seconded by Director Taitano and was unanimously approved.

e. **Purchase of Used Vehicles at GSA:** The DGMO mentioned that the Port is looking to change out five (5) of its old fleet that is beyond economical repair that consist of heavy corrosion (body frame, wheel cylinders, spring mounts, chassis, axle), worn suspension and brakes, and defective engine. Therefore, request is being made to transfer the amount of $20,000.00 from CIP Other Small Projects account to Vehicle Purchases account. He said GSA recently received new fleet that has less than fifty thousand miles from the Air Force. The Vice Chairman expressed concern as to why the Air Force would release those vehicles having less than fifty thousand miles. The DGMA assured the Vice Chairman that military vehicles are based on a replacement schedule which is standard practice and not necessarily due to any vehicle operability concern or mechanical defect. Director Mendiola inquired about the disposition of the Port's old fleet. The DGMO mentioned that the fleet will be turned over to GSA for public bid, if no bidders, then it will be scrapped.

Director Mendiola made motion to approve the budget transfer request in the amount of $20,000.00 from CIP Other Small Projects account to Vehicle Purchases account. Motion was seconded by Director Taitano and was unanimously approved.

f. **Harbor Master Renovation:** The DGMO mentioned that the single exit door of the Harbor Master office is insufficient in case of fire which presents a safety concern for the port employees. As such, the Port is looking to renovate the Harbor Master's office to ensure a safe working environment. The renovation includes repairs to the exit door on the south side, installing an aluminum exit door, provide additional counter space and cabinets, installing new interior wall and tiles, and renovation of countertops. Approval of the Board is being requested to transfer the sum of $24,000.00 from the CIP Project Demolition of Warehouse I Bay 14 and 15 account to the Harbor Master Office Renovation account.

The Vice Chairman made motion to approve the budget transfer request in the sum of $24,000.00 from the CIP Project Demolition of Warehouse I Bay 14 and 15 account to the Harbor Master Office Renovation account. The motion was seconded by Director Taitano and was unanimously approved.

g. **Additional Golf Cart Acquisition:** The DGMO said GSA currently has an indefinite delivery/indefinite quantity (IDIQ) open to all government of Guam agencies to purchase golf carts. Back in July 2016, the Port purchased six (6) golf carts that are assigned to Stevedoring, Terminal and Transportation divisions. Management would like to extend the same opportunity to the divisions of Harbor Master and EQMR, and therefore request to purchase three (3) golf carts. Currently, there exist an IDIQ purchase order in the amount of $30,000.00; however, market research reveals that to purchase three golf carts totals $32,800.00; leaving a shortage of $2,800.00. As such, management request Board approval to transfer funds from the General Administration Workstation account in the amount of $2,800.00 to cover the shortage.

Director Taitano made motion to approve the budget transfer request in the amount of $2,800.00 from the General Administration Workstation account to cover the shortage to purchase three (3) golf carts. Motion was seconded by the Vice Chairman and was unanimously approved.

2. **Bond Update:** For informational purposes, the DGMA mentioned that the Port has engaged Guam Economic Development Authority regarding bond financing. An introductory meeting of the Port and what is expected is scheduled for next month with representatives of the Port, Port's Consultant, GEDA and Bond Consultants.

3. **Association of Pacific Ports Sponsorship:** The DGMA mentioned that the Board had approved the travel request for Port attendance at the APP 2017 Winter Conference on January 11-13, 2017 in Hawaii. During these events, APP association would request support from its members through sponsorship programs. As the Port Authority is a member of APP, request is being made to sponsor a Breakfast Gathering at $1,000.00. Funds are supported through the Miscellaneous Account of the General Manager's office.

Director Mendiola made motion to authorize the sponsorship of a Breakfast Gathering in the amount of $1,000.00 for the Association of Pacific Ports 2017 Winter Conference on January 11-13, 2017 in Hawaii. Motion was seconded by Director Taitano and was unanimously approved.

4. **General Manager Performance Evaluation:** The DGMA mentioned that the Board Chairman has completed the performance evaluation of the Port General Manager. There were no issues or concerns.

VII. ADJOURNMENT

There being no further business to discuss, it was moved by Director Taitano and seconded by Director Mendiola to adjourn the meeting at 12:45 p.m. The motion was unanimously passed.

MELANIE R. MENDIOLA, Board Secretary
Board of Directors

APPROVED BY:

OSCAR A. CALVO, Vice Chairman
Board of Directors

General Manager Report

To

PAG Board of Directors

Monday, February 13, 2017

General Port Operations

Teleconference Meeting with Inspector General on Port Equipment and Cargo Handling Facilities

As reported to the Board during its Monday, July 25, 2016 Regular Meeting, the Office of the Inspector General for the Department of Interior met with Port management on Tuesday, June 9, 2016 to discuss the OIG's visit to review and evaluate the Port's overall equipment capacity to move cargo. The OIG Representatives included Evaluator Claire Wyly, Evaluator Toby Ryan Wood and Auditor Inger Smith. During their visit, the Representatives met with Port Operations, Procurement, Equipment Maintenance and Repair, Finance and members of the Port's Users Group.

The OIG Representatives relayed during their initial visit that they would be providing Port management a copy of their report to the U.S. Department of Interior on their assessment of the Port of Guam's equipment capacity around September of 2016.

The OIG Representatives returned to Guam on Wednesday August 24, 2016 to Friday, September 2, 2016 for follow-up initial assessments.

On Thursday, December 1, 2016, Port management participated in a teleconference with Evaluator Clair Wyly and Regional Manager Amy Billings. Participating in this teleconference on behalf of the Port was the GM, Deputy GM for Administration and Finance as we all Acting GM for Operations Alfred Duenas, Operations Manager John Santos and Maintenance Manager. Evaluator Wyly thanked the Port for its assistance in working with the OIG and wanted to relay that a decision has since been made by the IG to provide a Closeout Memorandum to Governor

Calvo to provide him a status on the Port's cargo handling services, user needs and potential issues that would require a correction action plan.

Evaluator Wyly stated that the Closeout Memorandum would be provided to the Governor by the end of the year would include some issues such as the repairs needed to the EQMR Building and Port equipment that was corroded. Matters related to the routine maintenance of equipment, parts lists and the regular supply of parts to address the proper repairs to Yard equipment will also be reported. She added that concerns raised by the PUGG included the need for additional manpower and operating equipment.

The GM provided an update on the status of the Port's equipment procurement and relayed that the initial eight (8) new tractors and four (4) Top Lifters had been turned over to the Port and are in current operation in the Yard. The GM also added that the Port has already initiated its rehabilitation plans with the completion of Tractor 92 that was worked on in-house by the Preventive Maintenance and Heavy Equipment mechanic s. The repairs included bodywork for corrosion control, repainting, as well as, the replacement of filters, fluids, hydraulic hoses, cylinders and repairs to the tractor's electrical system. The GM stated that Tractor 91 was now in the repair shop and that the same process would also be implemented for the refurbishment of the Port's older Top Lifters. The GM added that she would forward the information and photos provided to the Port Board during its Wednesday, November 23, 2016 meeting for Evaluator Wyly's reference.

Deputy GM Duenas relayed that he would also provide Evaluator Wyly with a copy of the relevant sections related to additional equipment procurement and mechanic positions that have been funded in the FY 2017 to include the status of recruitment.

Evaluator Wyly thanked Port management and its employees for the information and cooperative assistance provided to her and her team during their visits to Guam. The GM responded that she appreciated visit of the OIG team and looked forward to the receiving the Closeout Reports once it is provided to the Governor of Guam. She also added that the Port would update future equipment procurement information to Evaluator Wyly's office for reference.

Inspector General's Closeout Notice on the Evaluation of Port's Cargo handling Facilities and Equipment

On Thursday, January 12, 2017, the GM received a copy of a letter sent by the Office of the Inspector General (IG) from the U.S. Department of Interior to Governor Eddie Baza Calvo concerning its evaluation of the Port Authority of Guam's Cargo Handling Facilities and Equipment. Deputy Inspector General Mary Kendall informed Governor Calvo that her office was suspending its evaluation at this time. She stated that the IG had identified and number of

potential issues but noted that the Port of Guam was aware of these issues and was in the process of addressing corrective actions. She added that the Port should have the opportunity to finish the implementation of its corrective action plans before the IG finalized a thorough review.

OIG Representatives Evaluator Claire Wyly, Evaluator Toby Ryan Wood and Auditor Inger Smith visited the Port of Guam in June and in August of 2016. Deputy Inspector Kendall recognized the recently completed modernization efforts and expanded construction that was funded by the Federal Government and administered by MARAD, but relayed to the Governor that there were still potential issues related to cargo handling equipment. However, she also acknowledged that the Port had already identified these issues and was in the process of addressing correction action.

The IG went on to identify previous deficiencies but also acknowledged proactive steps that the Port was already taking to address these concerns. The most critical was the acquisition of new Yard equipment to include four (4) new Top Lifters, sixteen (16) new tractors, four (4) new 5-ton Forklifts, one (1) 40-foot Man Lift and one (1) 126-foot Man Lift, one (1) Street Sweeper and two (2) Welding Machines. The Port is anticipating the arrival of one (1) 10-Ton and twenty (20)-Ton Fork Lift which is the remaining equipment to be acquired from the $5.5 million equipment inventory.

Deputy IG Kendall stated that the Port had not been performing regular maintenance of its Yard equipment due to the lack of backup equipment to cover for routine maintenance, breakdowns and other needed repairs. She also added that the Port is currently working on building its reserve capacity now that it has new equipment to rotate between operations and regular maintenance and needed repairs. She acknowledged that the Port has provided her office with its new preventative maintenance plan during her staff's last site visit and is currently in the process of implementing its maintenance plan.

Deputy IG Kendall also relayed that the Port holds regular monthly meetings with its Ports Users Group and stated that their concerns were focused on the ability to improve communications during operations, addressing staff capacity and ability to maintain Port equipment. She also added that the Port has funded additional key vacancies in its budget to support maintenance operations.

Deputy IG Kendall concluded her letter by thanking the Port staff and management for their cooperation and assistance and also stated that while there were issues identified by her office, the Port is taking active steps to address these issues. She added that the Port should be provided time to implement its initiatives and that her office may consider conducting a more thorough review of Port operations in the future.

Four Cruise Ship Visit Guam Port

The Port of Guam received two cruise ships on the same day, Friday, December 30, 2016. The Nippon Maru arrived earlier in the morning from Yokohama, Japan and was assigned to F-3. The vessel was 547 feet in length, had 440 passengers and 206 crew members onboard. The second vessel was 790 feet in length, Asuka II, which also came from Yokohama to Guam and had 746 passengers with a total of 513 crew members onboard and was assigned to F-4 and F-5. The next Port of Call for both vessels after departure from Guam was Saipan.

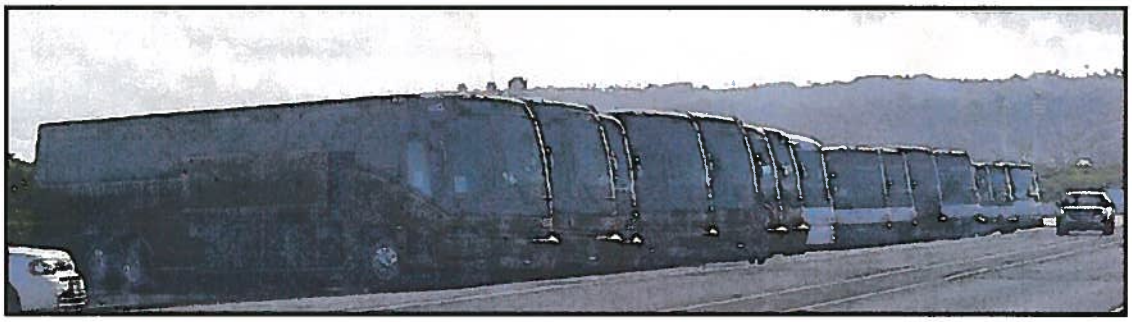
The Asuka II also returned to Guam on Friday, January 27, 2017 for a second visit with 660 passengers and 494 crew members.

On Tuesday, February 7, 2017 the Port of Guam received the cruise ship Amsterdam with 1,153 passengers and 613 crew members. The arrival of this vessel brought the total cruise visitors to the Port of Guam since December 30, 2016 to 3,004 passengers.



Amsterdam Cruise Ship calls port February 7, 2017.

The Port anticipates the arrival of the Pacific Princess on Thursday, February 23, 2017 and the arrival of the Norwegian cruise line vessel in May of 2017. The Norwegian cruise vessel will be on-island for a two (2) day period with an anticipated passenger listing to exceed over 4,000 passengers.



Tour Buses await passengers to disembark from Amsterdam Cruise Ship. On board the cruise ship was well over 1,500 passengers.

Public Announcement and Presentation of New Port Equipment

On Friday, January 6, 2017, the Port held a public ceremony to provide a public presentation on the arrival of its new Yard equipment. Deputy GM for Operations Felix Pangelinan served as the Emcee for this ceremony. He provided introductions of the Port's special guest that included Acting Governor Ray Tenorio, Senator and Legislative Transportation Chairman Frank Aguon, former Board Chairman Francisco Santos, former Board Chairman Dan Tydingco and Captain of the Port James Pruett. Also present from USDA was Area Director, Western Pacific and Rural Development Joseph Diego and Bank of Guam Chief Lending Officer Kevin Camacho.



DGM Operations Felix Pangelinan emcees the Public Ceremony on new port equipments.

Chairman Santos stated in his Welcoming Remarks that with the Port's acquisition of the new equipment the Port is considered a world class facility. He relayed that he started working at the Port since 1974 and that he was very proud to see all the changes and improvements over the years. He added that this was the most Yard equipment that the Port has ever had to address its cargo moving operations and he congratulated the Port staff on their successful acquisition of the new equipment.



Board Chairman Frank Santos addresses the public at the ceremony of new port equipments.

Acting Governor Ray Tenorio also congratulated the Port on its successful acquisition of all its new Yard equipment. He commented on the continued improvements that he has seen at the Port during the past few years and complemented the Port staff and management for their continued initiative to improve the service that they provide to their customers.



Distinguished guests celebrate with Port officials on its newly acquired port equipments.

The GM provided her closing remarks and provided a brief outline of the efforts invested to secure the loans from USDA for $2 million and from the Bank of Guam for $2 million out of the original $10 million borrowed for the Service Lift Extension Project. She thanked the Port staff particularly the Maintenance Division for their diligence in keeping the old equipment running most especially during the past twelve months that has been a very critical time period to maintain operations and cargo movement. The GM also thanked the Board for their support in providing the additional funding from the Port's budget to fund the remaining $1.5 million need to procure the Yard equipment.

The new equipment inventory added to the Port fleet included sixteen (16) Tractors, Four (4) 40-Ton Top Lifters, two (2) Man Lifts with a 40-foot and 126-foot reach, two (2) welding machines and one (1) Street Sweeper and four (4) 5-ton Fork Lifts. Out of the $5.5 million equipment acquisition, the Port is awaiting the arrival of one (1) 10-Ton and (1) 20-Ton Fork Lifts.

After the ceremony, officials and Port staff were able to inspect the new equipment.



Newly acquired Port equipments: Tractors, Top Lifters, Forklifts, Man Lifts, Welding Machines and Street Sweeper.

Public Ceremony on New Port Equipments



L-R: DGM Admin Albert Duenas, USDA Area Director Joe Diego, BOG Chief Lending Officer Kevin Camacho, Former Board Chairman Daniel Tydingco, Lt. Governor Ray Tenorio, Board Vice Chairman Oscar Calvo, Senator Frank Aguon, Jr., Board Chairman Frank Santos, GM Joanne Brown, COTP James Pruett, DGM Operations Felix Pangelinan.



Lt. Governor Ray Tenorio takes a closer look at the Top Lifter.



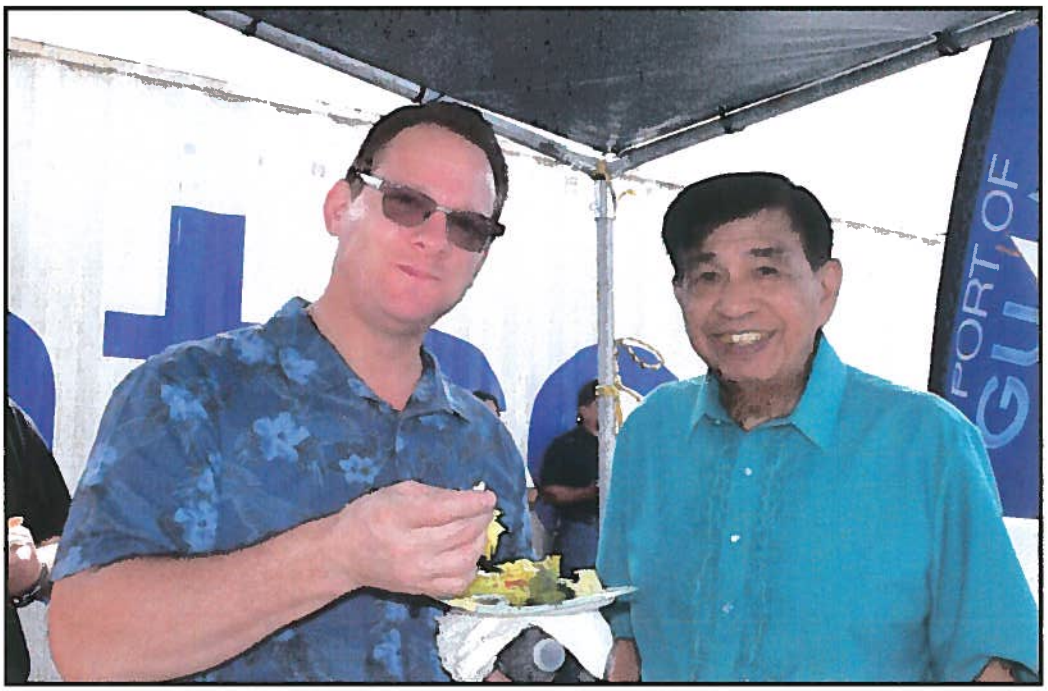
Former Board Chairman Daniel Tydingco explores the newly acquired port equipments.



L-R: Senator Frank Aguon, Jr., GM Joanne Brown, Former Board Chairman Daniel Tydingco, Board Vice Chairman Oscar Calvo shares the excitement in the purchase of the long awaited port equipments.



L-R: GM Joanne Brown, Senator Frank Aguon, Jr., Board Vice Chairman Oscar Calvo completes their tour of the new port equipments.



Lt. Governor and Board Chairman Frank Santos takes time for refreshments at the Public Ceremony in celebration of the new port equipments.



USDA Area Director Joe Diego and Board Vice Chairman Oscar Calvo. USDA was instrumental in providing the financial support of the port equipments.



L-R: Board Vice Chairman Oscar Calvo, Board Chairman Frank Santos, and Senator Frank Aguon, Jr. at the Public Ceremony for the new port equipments.



Board Chairman Frank Santos and Former Board Chairman join in celebration of the new port equipments at the Public Ceremony.

Status of Remaining Port Equipment

The Port is still awaiting the arrival of its remaining 10-Ton and 20-Ton Forklifts. The Port recently received notification that the forklifts are scheduled to arrive on Tuesday, February 14, 2017. The bid for the equipment was awarded to Morrico and had a delivery date of 360 days that was originally scheduled for Sunday April 16, 2017.

In the 2017 FY Budget the Board funded an additional 10-Ton and 20-Ton Forklifts. The Port will move forward with the additional procurement of the forklifts upon the arrival, review and inspection of the remaining Forklifts next month.

Current Inventory of Port Yard Equipment

Port Yard Equipment

Type	Quantity	Condition
Gantry Crane	3	Existing
Tractors	37	16 new / 21 Existing
Top Lifters	8	4 new / 4 Existing (1 under repair and under consideration for replacement)
5-Ton Forklift	10	4 new / 6 Existing (1 under repair)
10-Ton Forklift	4	1 new to arrive in April 2017 / 3 Existing (1 under repair)
20-Ton Forklift	2	1 new to arrive in April 2017 / 1 Existing
Man Lifts	2	new (126 ft. and 40 ft. reach)
Welding Machines	8	4 new (diesel/gas) / 4 existing(electric)
Street Sweeper	1	new

Arrival of additional Golf Carts for Port Yard

The Port received two (2) additional Golf Carts on Monday, January 30, 2017, bringing the current total of Yard Golf carts to ten (10). The two new Golf Carts will be assigned to the Harbor Master's Office and to EQMR respectively.

The additions of the Golf Carts to the Port fleet have provided an economical and environmentally friendly way to travel to and from destinations in the Port Yard.









Installation of Port Canopies

Canton Construction Corporation is currently in the process of installing canopies to cover the Drum Lot, provide maintenance space for the repair of the Top Lifters and provide covered work space for the mechanics at EQMR. According to Engineering Manager Simeon Delos Santos, a pre-final inspection was held on Wednesday, February 8, 2017 and the anticipated completion date by the contract was on Saturday, February 11, 2017. The cost of the project was $200,598.83.

Canopy for Drum Lot



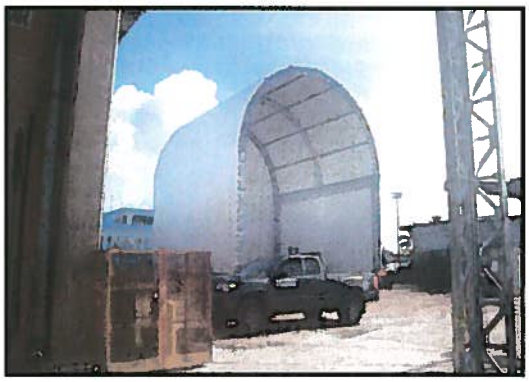


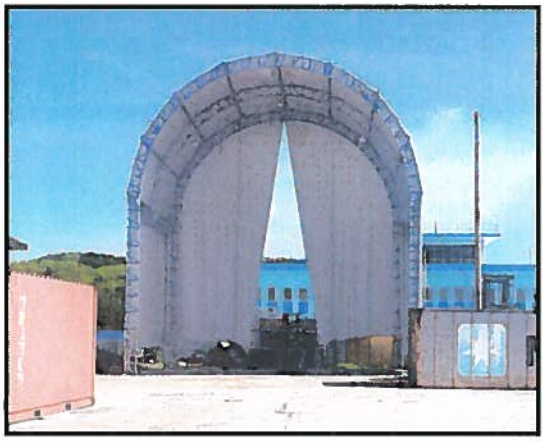
Canopy for Preventive Maintenance





Canopy for Top Lifter



PUGG Meeting for January 2017

The monthly meeting for the PUGG was held on Thursday, January 19, 2016. Attending on behalf of the Port were: GM, Operations Manager John Santos, Chief Planner Dot Harris, Terminal Superintendent Joe Ulloa, Transportation Superintendent Raymond Santos, Stevedoring Superintendent Simon Pinaula, and Assistant Operations Manager Ken Calvo.

Present on behalf of the PUGG were: Ambyth Representative Andrew Miller and Yvonne San Nicolas, Matson Representative Bernie Valencia, Seabridge Representative Ricardo Leon Guerrero, and Guam Chamber of Commerce and TAE Representative Thomas Hertslet.

Present on behalf of the U.S. Coast Guard was LCDR Christy Casey.

Operations Manager John Santos announced that the MAC meeting scheduled earlier that day at the Chamber had been cancelled. He then announced that the Port Board had just held a special meeting earlier that day to address the recent Superior Court decision on YTK and voted to authorize the Port Legal Counsel to appeal the matter to the Supreme Court of Guam or other courts as necessary to protect the interest of the Port. He also reported that PB's consultant assisting the Port with its TOS, Rob van Eijndhoven would be back on island at the end of February to provide the Port continued assistance with the implementation with the TOS. He added that WiFi access in the Yard is still an issue and stated that G4S has since installed another antenna to boost the signal to fill in the dead spots in the Yard.

Operations Manager Santos went on to discuss the vessel operations and the working sequence related to the upcoming arrival of the cruise Vessel Asuka II returning back to the Port Guam on Friday, January 27, 2017for a second visit with 660 passengers and 494 crew members. He also relayed that the cruise Vessel Amsterdam would be arriving on Tuesday, February 7, 2017. In addition, the cruise Vessel Pacific Princess would be arriving on Thursday, February 23, 2017 and the cruise Vessel Norwegian would be arriving on Saturday, May 27, 2017.

Operations Manager Santos went on the provide an update on the status of the Port's equipment procurement and stated that the Port is still awaiting one (1) 10-Ton and one (1) 20-Ton Forklifts. The scheduled arrival time was anticipated by April. He also updated the PUGG on the installation of the new canopies in the Yard that will be located at the Drum Lot, adjacent location to EQMR for the maintenance of the Top Lifters and the front of EQMR to provide cover for the mechanics during repair and maintenance operations for Port equipment. He also updated the members on the striping contract for the Yard now that most of the construction related to the Port Modernization has since been completed. Moreover, Operations Manager Santos also discussed the additional lighting projects and the planned expansion of reefer plugs to be added to the Yard.

Representative Thomas Hertslet inquired if the Port had any plans to address the removal of the retired equipment in the Yard to include the Rubber Tired Gantry, Gantry II, and the Mobile Harbor Crane. The GM responded that the Port has gone through several steps in the case of all three pieces of equipment identified with GSA and while there have been bidders selected during the past several years by GSA, none have been able to move successfully forward to demolish and remove the retired equipment. Representative Hertslet stated that scrap market for metal is currently in a down period. The GM responded that the Port is working to address the rebidding the demolition of the equipment that will require funding from the Port. She stated that this matter has been a challenge but it is still on the Port's list of priorities.

Operations Manager Santos inquired it there were any questions or concerns from the membership. With no further comments the meeting was concluded.

Meeting with Office of Economic Adjustment

On Thursday, February 2, 2017, the GM met with Office of Economic Adjustment Gary Kuwabara to provide him an update on the status of Port projects. The GM discussed the recent completion of the Service Life Extension project that included the instillation of anodes on the wharfs and the repairs to the F-5 Wharf. She stated that there were deductive changes made to the BME contract due to the anodes that were not wielded on all sides due to access issues relayed by the contractor. Overall, the wharf has active conductivity of the anodes that has been confirmed by operational test. The GM relayed that she appreciated the assistance of PB in providing assistance with the contracting of Sea Engineering to assess the initial work by BME that was not properly executed by its subcontractor. As a result, the Port directed BME to address corrective action and insure that the anodes were being properly wielded to its wharfs from F-3 to F-6.

The GM went on to update Mr. Kuwabara on the Port's recent acquisition of its new Yard equipment. She also relayed that the Port is still awaiting one (1) 10-Ton and (1) 20-Ton Fork Lift that was anticipated to arrive by April of 2017. She stated that the Port was also in the process of refurbishing its existing equipment with a remaining service life to include the tractors, top lifters, and fork lifts. She stated that the Port had already completed the refurbishment of three (3) tractors and had already acquired and was still in the process of acquiring additional parts needed to refurbish the top lifters. The GM informed Mr. Kuwabara that she was in the process of evaluating if the fourth Top Lifter No. 5, which has been out of operation for the past year and a half. She has been advised by the Deputy GM for Operations Felix Pangelinan that the collective cost of the parts to be installed in Top Lifter No. 5 would ultimately exceed the cost of a new top lifter. The GM relayed that she will look at the financial numbers and then provide a recommendation to the Port Board on the most beneficial option to have an operating top lifter.

The GM informed Mr. Kuwabara that the Port is continuing with its Yard maintenance program to include the repair of potholes in the Yard. The Board has funded close to a million dollars for asphalt repairs. She added that the Port has already contacted out for the restriping of the Yard.

The GM thanked Mr. Kuwabara for the assistance of PB in working with the Port on its Tariff Petition through the PUC. She relayed that there had been a teleconference held the previous week between PB, Slater Nakamura and the Port with regards to the Port's Tariff Petition now before the PUC. She added that if the PUC provides a favorable approval the Port would be able

to pursue bond funding by this summer. The GM also informed Mr. Kuwabara that the Port has been assigned a new Oversight Chairman, Senator Frank Aguon, and that the Port would be working with him and his Committee to address the needed legislation to authorize the Port to pursue bond funding. The Port is concurrently working on all these issues to meet its desired timeline.

Mr. Kuwabara inquired as to the canopy construction that he could see out in the Yard from the GM's Office. The GM responded that the Port's contractor was installing heavy duty canopies to cover its Drum Lot, constructing covered space for Top Lifter repairs and providing outside cover for the mechanics to do equipment repair outside the EQMR Building. She extended an invitation to Mr. Kuwabara to have a follow-up tour during his next visit to see the new construction in the Yard. She also added that the Port was in the process of acquiring a contactor to demolish the old office space previously occupied by the Port's Safety and Engineering Divisions and rebuild new facilities. After this project the Port management has plans to refurbish the office and work space inside EQMR.

Mr. Kuwabara responded that he indeed would request a visit to the Yard during his next trip to Guam in March.

Law Enforcement Awareness on Port Operations for Cruise Ships Briefing

On Tuesday, February 7, 2017, Acting Harbor Master and Assistant Port Police Chief Christopher Roberto facilitated the Port's Law Enforcement Awareness on Port Operations for Cruise Ships Briefing at the Port Command Center. This event coincided with the arrival that day of the cruise Vessel Amsterdam. Attending this briefing were the Lt. Governor Ray Tenorio, GM, Deputy GM for Administration and Finance Alfred Duenas and other senior ranking officials from the USCG, Customs and Quarantine Agency, Guam Fire Department, Guam Police officials from the USCG, Customs and Quarantine Agency, Guam Fire Department, Guam Police Department, Department of Homeland Security, Guam Regional Fusion Center and other support personnel from those planning and response agencies. There were a total of thirty-four participants at the meeting.

According to Assistant Chief Roberto, the gist of the briefing was to educate the response and support community on the myriad of issues that the port must address towards the preplanning and operational concerns of cruise ships. He reported that in his experience that there has been a misconception of the lanes of jurisdictional authority that warranted an effort to bridge the gap of misinformation and align respective parties within their lane. Assistant Chief Roberto provided an initial slide presentation and addressed follow up questions by the attendees.

The topics that were discussed by Assistant Chief Roberto included a General Overview of the Port Authority of Guam, Key Significance of the Port, Prevention, Response and Recovery Initiatives, Incident Command System's Infrastructure, General Physical Security Information (on Land and Water Side-Around Docks and in Harbor), Access Control System, Lighting, Pre Arrival Planning Groups, Event Action Plans, 33 CFR and our Regulatory Requirements, MARSEC Levels, Fire Suppression and Standalone Fire Response Systems, Prime Power Capabilities, Police Response Assets (Police Interceptors and Police Boats), Cyber Security and Other Port Equipment to Support Contingencies





Port Police Assistant Chief Christopher Roberto spearheads the briefing on Law Enforcement Awareness on Port Operations for Cruise Ships at Port Command Center.

At the conclusion of the briefing Assistant Chief Roberto provided the participants with a short visual tour to the second floor of the Port Police Building to observe the operations in the Yard with the cruise Vessel Amsterdam in Port.



Law Enforcement officials from various agencies view the Amsterdam Cruise Ship from atop the Port Police Building balcony.

Legislative Confirmation hearing for Former Board Chairman Frank Santos

On Tuesday, February 7, 2017, the Committee on Guam U.S. Military Buildup, Infrastructure, and Transportation held a Confirmation Hearing for the Governor's appointment of Francisco G. Santos to serve as a Member, Guam Port Authority Board of Directors.



Former Board Chairman Frank Santos addresses the Legislative Committee on Transportation on his appointment to the Port Board of Directors.

Present from the Committee at the hearing was Legislative Chairman Frank Aguon and Committee Member Regine Biscoe Lee. Attending on behalf the Board were Acting Board Chairman Oscar Calvo and Board Member Maria Taitano. Board Member Melanie Mendiola also attended to support the nomination of Chairman Santos. The GM and Deputy GM for Administration and Finance Alfred Duenas were also present in addition to a number of Division Managers, and employees from the Port. Acting Board Chairman Calvo, Port management and employees provided overwhelming support in favor of the Chairman Santos' confirmation.



Public testimony presented on the appointment of Former Board Chairman Frank Santos to the Port Authority Board.



Public testimony presented in support of the appointment of Former Board Chairman Frank Santos to the Port Authority Board. At far left is 31 year career employee Frank Santos, Jr. providing favorable testimony for his Dad as former Chairman Santos looks on.

During the 33rd Guam Legislature a previous confirmation hearing was held on Tuesday, June 14, 2016 for Chairman Santos by the Committee on Transportation, Infrastructure, Lands, Boarder Protection, Veterans Affairs and Procurement. The Committee then Chaired by Senator Tom Ada did not report out Chairman Santos' nomination for consideration by the body prior to the conclusion of the 33rd Legislature on Sunday, January 1, 2017.

Meeting with Matson Officials

The GM along with Board Members Maria Taitano and Melanie Mendiola attended a meeting at the Matson Navigation Corporate Headquarters located on Sand Island on Oahu on Tuesday, January 10, 2017. Attending the meeting on behalf of Matson were Pacific Senior Vice President Vic Angoco, Pacific Director of Sales Len Isotoff and Matson Manager Kam Chun.

Vice President Angoco relayed that he was pleased to have Board Members Taitano and Mendiola visit the Matson Office in Hawaii. He relayed that Manager Chun would be providing them and the GM with a formal tour of their operations to include their Operations Tower and Yard.

Vice President Angoco stated that he continues to hear favorable reports on improvements at the Guam Port and the recent acquisition of Yard equipment. The GM responded that the Port had

just held a ceremony on Friday, January 6, 2017 to publically present the new equipment that included fleet included sixteen (16) Tractors, Four (4) 40-Ton Top Lifters, two (2) Man Lifts with a 40-foot and 126-foot reach, two (2) welding machines and one (1) Street Sweeper and four (4) 5-ton Fork Lifts. The GM added that the Port is awaiting the arrival of one (1) 10-Ton and (1) 20-Ton Fork Lift that is expected in April. She also stated that the Port Board approved the funding in the 2017 budget to procure an additional (1) 10-Ton and (1) 20-Ton Fork Lifts.

The GM went on to provide an update on additional upgrades to the Port Yard to include the current initiative through the PUC to address the Port's Five Year Tariff Petition and the anticipated bond financing to address repairs to critical infrastructure at the Port to include the refurbishment of Hotel Wharf and the construction of a new Administration Building. The GM congratulated Vice President Angoco on the ongoing construction of Matson's new office building in Hagatna.



L-R: Pacific Director of Sales Len Isotoff, Director Melanie Mendiola, GM Joanne Brown, Director Maria Taitano and Pacific Senior Vice President Vic Angoco at Sand Island, Oahu.

Collective discussions went on to include the maintenance of the Port cranes now that Matson has been contracted by the Port to provide technical support, the status of the Ports maintenance plans, the recent suspension of assessment from the Department of Interior Inspector General, status of the Port's Terminal Operating System (TOS) and the weekly scheduling of vessels. As for Matson operations, discussions focused on the company's new Okinawa service that was just initiated and Matson's overall operations in the region.

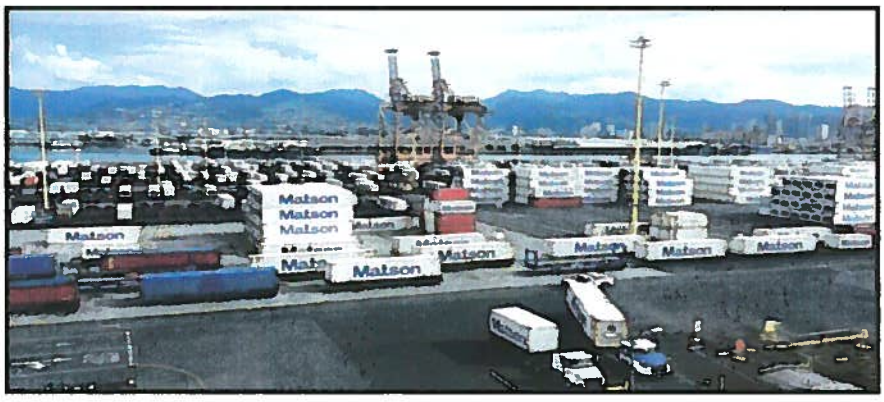
Director Isotoff commented that there have been such significant improvements in the operations of the Guam Port and extended his congratulations on the acquisition of the new equipment and other continued improvements.

As this was the first visit for Board Members Taitano and Mendiola, Vice President Angoco relayed that Manager Chun would provide them with a tour of the Yard and a briefing on Matson's Hawaii operations. He relayed that Manager Chun had previously been assigned to Matson Maui operations but was now re-assigned to Oahu as the Manager for Container Operations Lek Friel has since been assigned to Matson's Utah operations. He added that Manager Chun will be representing Matson at the the Association of Pacific Ports (APP) conference in Maui.

Upon the completion of the Yard tour, Vice President Angoco and Director Isotoff joined the Guam Port delegation for the briefing at the Operations Tower. He also led the group to the roof overlook to further discuss and provide an overview Matson Yard operations.

Matson Terminal Yard Hawaii





The 2017 Winter Conference for the Association of Pacific Ports

The 103rd 2017 Winter Conference for the Association of Pacific Ports was held in Maui, Hawaii from Wednesday, January 11, 2017 to Friday, January 13, 2017. GM along with Board Members Maria Taitano and Melanie Mendiola attended this conference. Board Member Taitano was designated by the Port Board to serve as its representative to the APP Executive Committee replacing former Board Member Tim Kernaghan.

The details of the APP Winter Conference are included in the GM's Travel Report for Board reference.

Port's Participation in Island Wide Beautification Day

Volunteer staff and management from the Port participated in the Island Wide Beautification Day that was held on Saturday, January 28, 2017. The Port was assigned cleanup both sides of Marine Drive between Asan Park and the Veterans Cemetery intersection. Port staff met at the Fisheye Park pavilion at 6:00 a.m. to do their part to help keep our island clean and beautiful!

The Port volunteers were featured on the front page of the PDN and also had a full page spread of pictures in the January 29, 2017 edition.

The Port employees also participated in a second early morning Island Wide Beautification Day cleanup on Saturday, February 11, 2017 from the former USO location all the way to the entrance of the Naval Station Gate.



Front Row: Theresa Guadelupe, Maria Guadelupe, Clerk III Ninia Lumanog, PC II Perry Perez.

Second Row: Junior Duenas, Admin. Asst. Marie Taijeron, Chief Doris Aguero, Contract Mgt. Administrator Steven Muna, GM Joanne Brown, Admin Asst. Gussieannmarie Diaz, Adm. Asst. Betty Wusstig-Perez, Equip. Maint. Supervior Jorge Javelosa, MESS Joaquin Pangelinan, Maint. Custodian Karl Atoigue.

Last Row: PPII James Sandlin, Cpt. Frankie Aguon, DGMO Felix Pangelinan, Security Guard Gerard Duenas, Engineer II Enrique Conde, Engineer III Iremar Gutierrez, PCIV Frank Santos, Stevedore Jerome Guerrero, Maint. Custodian Sylvestre Torres, Heavy Equip. Mech. I Matthew Astorga and Preventive Maint. Mech Justin Candoleta.

Port Safety Issues

Damage to the Gantry 5 Spreader
Case No. 030-16

On Saturday, November 12, 2016, the GM received a report from Safety Inspector II, John Troy Santos concerning property damage to the Gantry 5 Spreader that had occurred on that day.

Safety Inspector Santos reported that Transportation Leader Anthony Concepcion had contacted him to investigate property damage at Gantry 5. Crane Operator Albert Tudela had been assigned to Gantry 5 to service the Vessel Papa Mao and had lowered a 40-foot reefer container into Bay 18 of the vessel when the left side of the container was caught on a protruding piece of metal that caused damage to the top right of the container. Safety Inspector Santos reported that Winch Operator Vincent Asanoma was the designated Spotter and noticed that the container had been caught on cell guide as it was being lowered. He then signaled Crane Operator Tudela to stop lowering the container.

Safety Inspector Santos determined that the cause of this incident was due to the listing of the vessel and contact with a protruding piece of metal. He recommended that this incident be discussed by the Accident Review Board and to then provide recommendations to the General Manager on this matter.

Hydraulic Oil Spill – Top Loader 09-06
Case No. 031-16

On Wednesday, November 16, 2016, the GM received a report from Safety Inspector II Kenneth Santos concerning a hydraulic oil spill on Top Loader 09-06. Transportation Leader Anthony Concepcion had informed the Safety Office that a hydraulic oil spill had occurred at the Matson Staging Area (HB-4). Crane Operator Jesse Diego had been assigned to operate Top Lifter 09-06 to support the daily issuing and receiving of containers. During this process he noticed that hydraulic oil was leaking from underneath the Top Lifter. He stopped his operation and determined that the oil was leaking from the hydraulic hose line leading to the steering control box. Operator Diego then provided notice to Leader Concepcion concerning the incident.

Inspector Santos reported that Equipment Mechanic II Richard Flores indicated that the Hydraulic hose line connected to the steering control box ruptured due to the wear and tear. Inspector Santos also reported that approximately five (5) gallons of hydraulic oil had spilled

onto the pavement and was cleaned up by the Transportation personnel with the use of absorbent sand and pads. The National Response Center was notified and Report No. 1164188 was issued.

Inspector Santos determined that the cause of this incident was due to a defective hydraulic hose. He recommended that the Fleet Mechanics perform preventative maintenance inspections on all equipment and identify potential mechanical problems before they occur. He also recommended that this incident be discussed by the Accident Review Board and to then provide recommendations to the General Manager on this matter.

Hydraulic Oil Spill -Tractor 86
Case No. 032-16

On Tuesday, November 22, 2016, the GM received a report from Detailed Safety Inspector II, Robert Lau concerning a hydraulic oil spill from Tractor 86 that had occurred on that day. Transportation Leader Joseph Bamba had informed the Safety Office that a hydraulic oil spill had occurred at F-5 dockside. Casual Equipment Operator II Roleynoel Borja had been assigned to operate Tractor 86 in support of discharging operations for the Vessel Matson Maunalei. According to Inspector Lau, Equipment Operator Borja was reversing his tractor on the dockside to hookup a 40-foot empty chassis, he exited his tractor to connect the glad hand and noticed hydraulic fluid underneath his tractor. Operator Borja then immediately notified Transportation Leader Bamba of the situation.

Safety Inspector Lau further reported that Equipment Mechanic II Bart Sepullia indicated that the hydraulic hose leading to the fifth wheel was busted due to wear and tear. It was determined that approximately 5 (five) gallons of hydraulic oil had spilled onto the pavement. The Transportation personnel utilized absorbent sand and pads to clean up the oil spill. The National Control Center was notified and Report No. 1164685 was issued.

Safety Inspector Lau determined that the cause of this incident was due to the wear and tear of the hydraulic hose. He recommended that regular preventive maintenance be scheduled for the replacement of hoses due to a history of similar breakdown issues. He also recommended that this incident be discussed by the Accident Review Board and to then provide recommendations to the General Manager on this matter.

Property Damage – Matson Chassis Landing Gear
Case No. 033-16

On Wednesday, November 23, 2016 the GM received a report from Safety Inspector III Paul Salas concerning an incident that had occurred that day involving damage to a Matson chassis. According to Inspector Salas he had received a call from Angoco Tractor Operator David Sering who was draying a 20-foot chassis from checkpoint to Area P for grounding. Inspector Salas reported that during this process Tractor Operator Sering had traveled west through Area P when he crossed over a storm drain and the landing leg shoe struck a 1-inch metal plate that was used to cover the drain to causing the landing legs to buckle.

According to Inspector Salas, Tractor Operator Sering did not crank the landing gear high enough to clear uneven surfaces. He reported that the landing legs were less than 4-inches from the ground at the time of the incident. He also reported that Transportation Supervisor Mike Taijeron had recommended that the landing legs be at least 6 to 8 inches from the ground.

Inspector Salas stated that there was extensive damage to the landing legs of the chassis.

Inspector Salas concluded that the primary cause of this incident was the operator's failure to inspect the height of the chassis landing gear.

Inspector Salas concluded that the primary cause of this incident was the operator's failure to inspect the height of the chassis' landing gear. He also reported that Matson's Container Yard Supervisor Dave Mendiola was present and relayed that any claims made will be claimed against Angoco Trucking Company.

Inspector Salas recommended that all private trucking companies properly adjust the height of the landing legs on a chassis before entering the Port Compound. He also recommended that this incident be discussed by the Accident Review Board and to then provide its recommendations to the General Manager on this matter.

Diesel Fuel Tank Leak – Tractor No. 741
Case No. 034-16

On Friday, November 25, 2017, the GM received a report from Safety Inspector II Ken Santos concerning a diesel fuel leak on tractor 741. According to Inspector Santos, Transportation Leader Joaquin Meno had reported an oil spill from Tractor No. 741. Equipment Operator II Dave Teixeira noticed while conducting his Pre-Operations Trip Ticket an oil spill. Inspector Santos went on to report that since Wednesday, November 23, 2016 the tractor had been parked by Equipment Operation II Ronnie Sablan. Equipment Mechanic II Rich Flores inspected the leak and indicated that the leak was from diesel fuel and not hydraulic oil. Mechanic Flores

started the tractor and did not see any fuel leaking but he informed Dispatch Officer Ton Francisco that he would be taking the tractor to the mechanic shop for further inspection.

Inspector Santos stated that the National Response Center was notified and Report No. 116-4917 was issued. It was determined that approximately a half a gallon of diesel fuel leaked onto the ground. The spill was cleaned up by Dispatch Officer Ton Francisco.

Inspector Santos concluded that the primary cause of this incident was due to the wear and tear of the diesel fuel line. He recommended that regular preventative maintenance be scheduled to replace hoses and other items that have a history of frequent breakdowns. He also recommended that this incident be discussed by the Accident Review Board and to then provide its recommendations to the General Manager on this matter.

Leaking Container
Case No. 035-16

On Tuesday, November 29, 2016, the GM received a report from Safety Inspector II Joshua Candoleta concerning a leaking 40 ft. container that was discovered by Crane operator Derrick Balajadia that day at Area C. Inspector Candoleta reported that when Operator Balajadia had reversed into a container to transport it to F-5 for export, he noticed that the container was leaking an oily substance. He then reported the leak to his Supervisor Frank Cepeda.

Inspector Candoleta reported that Matson Agent Tony Hargas provided notification of the leak to the U.S. Coast Guard. In addition, he relayed that the container was not moved from its location to avoid contaminating any other area and that absorbent sand and pads were used to clean and contain the spill.

Tide Water Mobile Crane – Transmission Oil Spill
Case No. 036-16

On Wednesday, December 14, 2017, the GM received a report from Safety Inspector II Ken Santos dated Friday, December 2, 2016 concerning a transmission oil spill from the Tide Water Mobile Crane. Equipment Support Services Manger Joaquin Pangelinan informed Inspector Santos of an oil spill at Warehouse 1. At the time, Tide Water Operator John Tutuw had been assigned to operate a 5-Ton Mobile Crane to off-load fish from a tuna vessel at F-3. When Operator Tutuw was traveling back to Warehouse 1 to park the crane at Bay No. 15, he noticed transmission fluid leaking from underneath his crane. Operator Tutuw immediately notified his Supervisor and Tide Water Operations Manager Kenneth Muna.

Inspector Santos reported that Manager Muna stated that the cause of the leak was due to the wear and tear of the transmission hose leading to the cooling unit. There was approximately three (3) gallons of hydraulic oil that spilled onto the pavement. Tide Water personnel utilized absorbent sand and absorbent pads to clean-up the oil spill. The National Response Center was notified and Report No. 1165383 was issued.

Inspector Santos concurred with the conclusion of Manager Muna that the cause of the spill was due to the wear and tear of the hydraulic hose.

As this incident did not involve Port personnel or equipment, this matter is considered closed.

Work Injury
Case No. 037-16

On Saturday, December 3, 2017, the GM received a report from Safety Inspector II Joshua Candoleta concerning a work injury involving Plumber II Melchor Perez that day who had been assigned to monitor the main water distribution line in the Port Compound due to leaks. Inspector Candoleta reported that when Plumber Perez was shutting off one of het water values with a metal T-pipe, he felt a sharp pain to his lower back. Plumber Perez then contacted Inspector Candoleta to report the incident.

Inspector Candoleta further reported that Plumber Perez was provided WCC forms (a) and (b) and was sent to GMH for medical attention. In addition, his Maintenance Supervisor Ray Munoz was provided a WCC 201 and 202 to fill out concerning the incident.

Inspector Cndoleta recommended that this incident be discussed by the Accident Review Board and to then provide its recommendations to the General Manager on this matter.

Work Injury
Case No. 038-16

On Wednesday, December 14, 2017, the GM received a report dated Wednesday, December 7, 2016 from Safety Inspector II John Troy Santos concerning a work injury incident involving Crane Operator Alfredo Bordallo III. According to Inspector Santos, Operator Bordallo had been assigned to the Vessel Kyowa Cattleya. While he was in the process of pulling one of the slings to place it in the staging area, he tripped on one of the cables that were left behind causing him to fall onto the ground injuring his left kneed and forearm. Operator Bordallo later contacted Transportation Leader Joaquin Meno to inform him of the incident.

Inspector Santos stated that Operator Bordallo did not immediately report his injury as he did not feel any immediate pain. However, he eventually complained of pain in his left knee and forearm. Inspector Santos also stated that Crane Operator Jacob Aquningoc had witnessed Operator Bordallo fall when he tripped on the cables.

Inspector Santos reported that Operator Bordallo was issued a WCC 101 a and b form and sent to GMH for further medical attention. In addition, Transportation Leader Meno was provided WCC forms 201 and 202 to be filled out.

Inspector Santos recommended that this incident be discussed by the Accident Review Board and to then forward its recommendations to the General Manager on this matter.

Damaged Property – Motorola i365 Radio No. 3
Case No. 039-16

On Wednesday, December 7, 2016, the GM received a report from Safety Inspector Paul Salas concerning an incident that occurred that day regarding a report from Transportation Supervisor Frankie Cruz concerning a damaged Motorola Radio a t the Transportation Office. According to Inspector Salas Crane Operator Jacob Aquiningoc had been assigned to operate Gantry No. 4 to work on the Vessel Matson Manukai. Operator Aquiningoc had placed his hand held radio on the window seal of the Gantry cab and then began to operate the Gantry. During this process, condensation began to build up on the glass window of the cab so Operator Aquiningoc decided to open the sliding door which resulted in the frame edge hitting he radio and causing it to fall onto the pavement at F-5.

Inspector Salas determined that the cause of this incident was Operator Aquiningoc not properly securing his radio. He recommended that this topic be discussed during the next Safety Briefing for all Yard Divisions. Inspector Salas recommended that this incident be discussed by the Accident Review Board and to then forward its recommendations to the General Manager on this matter.

Hydraulic Oil Spill – Top Lifter 403
Case No. 040-16

On Wednesday, December 14, 2016, the GM received a report from Safety Inspector III Paul Salas concerning an incident that occurred on Monday, December 12, 2016, involving a hydraulic oil spill from Top Lifter 403. Inspector Salas reported that Transportation Supervisor Frankie Cruz informed him of a hydraulic oil spill located at the Matson staging area. Crane Operator Kevin Sanchez had been assigned to operate Top Lifter 403 to support the daily issuing

and receiving containers. Inspector Salas reported that Operator Sanchez had just completed loading a 40-foot container and was traveling back to Area P to load another container when he noticed hydraulic oil leaking from the mast of the Top Lifter. He immediately shut down his equipment and notified Supervisor Cruz.

Inspector Salas also reported that as Top Lifter 403 is owned by Matson, Matson Mechanic Bill Libby indicated that one of the hydraulic hose lines that were connected to the spreader had ruptured due to wear and tear. Inspector Salas further reported that approximately three (3) gallons of hydraulic oil had spilled onto the pavement and that Transportation personnel utilized absorbent sand and pads to clean up the spill. The National Response Center was notified and Report No. 1166140 was issued.

Inspector Salas concurred with Mechanic Libby's assessment that the cause of the incident was due to a defective hydraulic hose. He recommended that Matson mechanics perform preventative maintenance and inspections on all equipment to identify potential mechanical problems before they occur.

Inspector Salas also recommended that this incident is discussed by the Accident Review Board and to then forward its recommendations to General Manager on this matter.

Damaged Property – Gantry No. 6
Case No. 041-16

On Friday, December 30, 2017, the GM received a report from Safety Inspector II Joshua Candoleta dated Monday, December 19, 2017, concerning damage to Gantry No. 6. According to Inspector Candoleta, Stevedore Supervisor Robert Meeks contacted his office to report damage to the Gantry No. 6 boom. Safety Inspector Candoleta further reported that Papa Mau ship's crew member Gerry Salazar was operating Ship's Gear No. 2 when the ships gear struck the left side of Gantry No. 6 that resulted in damages to the boom. Crane Operator Derrick Balajadia was assigned to Gantry No. 6 and was loading containers into Bay No. 28 when the incident occurred and reported that he had felt the crane shake but did not witness the ship's gear striking the left side of the gantry boom.

Inspector Candoleta further reported that Stevedore Leader George Quidachay had witnessed the ships gear colliding with Gantry and that Crane Mechanic Gus Aromin reported scratches and gouges to the lower side of the crane boom. He also reported that Preventative Maintenance Supervisor Alfred Torres determined that the cost to repair the boom was estimated at $1,000.00.

Inspector Candoleta relayed that Matson Agent Chris Reyes was present at the site and acknowledged that they would pay for the damages incurred.

Inspector Candoleta concluded that Crew Member Salazar had secured his ships gear before the completion of the vessel operations and secured ships gear without being instructed by the Chief Mate or Ships Captain. He stated that it was the responsibility of the Safety Officers to authorize the start of Vessel Operations to include communicating with the ship's crew to boom out the ships gear(s). He added that this was the first time such and incidence occurred where the ship's crew boomed before the completion of vessel operations.

Inspector Candoleta stated that during the Pre-Operations Meetings, the Safety Officers have briefed the Agents to communicate with the Captain and the Chief Mate to operate the ships gear only after authorized by the Port Safety Officers.

Inspector Candoleta noted that Safety Administrator Vince Acfalle had made a request to Customs Director James McDonald and Division Chief Darlene Merfalen for a follow-up meeting in regards to the Port Safety Officers boarding a vessel with Customs Officers. He added that a meeting concerning this matter was scheduled for the second week of January 2017. He added that up until seven months prior, Port Safety Officers were permitted to board the vessel with the Customs Officers to conduct and communicate the Port's policies and standards to the ships highest level in its chain of command.

Inspector Candoleta recommended that this incident be discussed by the Accident Review Board and to then forward its recommendations to the General Manager on this matter.

Damaged Property – Tractor No. 96
Case No. 042-16

On Friday, December 30, 2016, the GM received a report from Safety Inspector II John Troy Santos dated Tuesday, December 20, 2016 concerning damages to Tractor No. 96. Inspector Santos reported that Equipment Operator II Mark Tolenoa had been assigned to operate Tractor No. 96 and had conducted a pre-inspection check when he noticed several scratches on different locations of the tractor. He informed Transportation Leader Joaquin Meno of the situation who then reported the matter to Inspector Santos.

Inspector Santos further reported that Equipment Operator II Fred Atoigue had been the last operator for Tractor No. 96 and had indicated on his checklist that the scratches were evident on tractor prior to operating the tractor. An inspection determined that there were scratches on the right side of the chassis, front side of the shackle mount for the leaf spring, right side of the front bumper and protective housing cover for the battery.

Operator Atoigue turned in his checklist to Dispatcher Antonio Francisco. However, this matter was not reported to Port Police.

Inspector Santos went on to report that Transportation Superintendent Raymond Santos and Maintenance Service Manager Joaquin Pangelinan had conducted and inspection of Tractor No. 96 when it had been first delivered by the vendor on Wednesday, November 30, 2016 and there were no noted deficiencies.

Inspector Santos recommended that this matter be discussed by the Accident Review Board and to then forward its recommendations to the General Manager on this matter.

Property Damage to Tractor No. 95
Case No. 43-16

On Friday, December 30, 2016, the GM received a report from Safety Inspector II John Troy Santos concerning an incident that had occurred on Tuesday, December 20, 2016 involving multiple scratches found on Tractor No. 95. According to Safety Inspector Santos, Equipment Operator II John Santos was assigned to operate Tractor -95 and noted that prior to operating the tractor he noted that there were several scratches in different locations of the equipment. He then informed the Transportation Leader Kin Meno who then reported the incident to Safety Inspector Santos.

Inspector Santos determined that Equipment Operator II Ignacio Benavente was the last employee to operate Tractor No. 95. He had assumed duty at 7:00 a.m. to 7:00 p.m. on Tuesday, December 20, 2016 and his vehicle checklist indicated that the only damage to the tractor was the right rear taillight. The scratches that were found were located on the right side of the chassis, protective housing and the cover for battery.

Inspector Santos concluded that the operators perform a thorough inspection on their assigned equipment and properly fill out their vehicle checklist prior to and after their use of a vehicle or equipment. Inspector Santos also recommended that this incident be discussed by the Accident Review Board and to then forward its recommendations to the General Manager on this matter.

Hydraulic Oil Leak – Tractor, Serial No. 344059
Case No. 044-16

On Wednesday, January 4, 2017, the GM received a report from Safety Inspector II Ken Santos dated Wednesday, December 28, 2016 concerning a hydraulic oil leak discovered from Tractor – Serial No. 344059.

According to Inspector Santos his office had been contacted by Port Police Officer II Angie Cabrera reporting a hydraulic leak from one of the new tractors located on at the old Warehouse 2 pad. The leak was located near the reservoir on the right side of the driver's cab.

Inspector Santos reported that there was approximately 4 tablespoons of hydraulic fluid that had leaked onto the pavement. The National Response Center had been notified and Report No. 1167259 was issued. The Transportation Division provided supplies of absorbent pads to contain the leak.

Transportation Leader Joaquin Meno stated that the tractors had yet to be turned over to the Transportation Division.

Inspector Santos went on to report that on Thursday, December 29, 2017, the Safety Office notified Planner Work Coordinator Joe Leon Guerrero that the vendor Pacific Trucking had already responded to the Port's request to repair the leak on the tractor. This matter is now considered closed.

Damaged Property – Tractor No. 97
Case No. 001-17

On Thursday, January 19, 2017, the GM received a report from Detailed Safety Inspector II Robert Lau dated Wednesday, January 4, 2017, concerning damage to Tractor No. 97 that had occurred on Tuesday, January 3, 2017. According to Inspector Lau, Transportation Leader Jose Bamba made a report to the Safety Office of property damage at Area F. Leader Bamba also relayed that Equipment Operator II David Teixeira had been assigned to operate Tractor No. 97 in support of the Vessel Kyowa Rose operations. During this process, Operator Teixeira stated that he hooked up Tractor No. 97 to a 40-foot Matson flat rack which held two 45-foot base chassis stacked on top of one another with an excessive overhand on both the front and rear sides. Inspector Lau reported that as Operator Teixeira executed a left turn to pull out the flat rack from the parking stall, the bottom chassis made contact with Tractor No. 97's grab handle bar resulting in three (3) minor scratches that were an inch in length to the grab bar.

Inspector Lau further reported that Operator Teixeira thought that he had enough clearance to make the turn without hitting the 45-foot bare chassis. However, Transportation Leader Bamba stated that this incident could have been avoided had Operator Teixeira closely monitored his load.

Inspector Lau concluded that Operator Teixeira failed to recognize the hazard while draying the chassis. He recommended that all Transportation Operators follow proper procedures when maneuvering in tight spaces. He also recommended that this Incident is discussed by the Accident Review Board and to then provide recommendations to the General Manager on this matter.

Property Damage – F-5 Bull Rail

Case No. 002-17

On Thursday, January 19, 2017, the GM received a report dated Thursday, January 5, 2017 from Detailed Safety Inspector II Robert Lau concerning property damage to the F-5 Bull Rail that had occurred that day as a result of operations related to the Vessel Soochow. Inspector Lau reported that the ship's crew had been attempting to re-position the gangway onto the dockside and at the same time, Gantry No. 4 had shifted to the left to load Bay No. 30. As a result, the wire rope pulley guard made contact with the bull Rail's edge resulting in a portion of the cement to chip off. Inspector Lau relayed that the pieces of concrete were approximately 5' by 3" in size.

Inspector Lau stated that Ambyth Agent Stephen Jones and Ship Crew Representative Joseph Gullmatico were present at the location of the incident and acknowledged that they would take responsibility for the damages.

Inspector Lau concluded that the cause of this incident was due to the inattention of the vessel's crew member who had been attempting to lower the vessel's gangway without assistance.

Inspector Lau recommended that this incident is discussed by the Accident Review Board and to then provide recommendations to the General Manager on this matter.

Hydraulic Oil Spill – Top Lifter 09-03
Case No. 003-17

On Thursday, January 19, 2017, the GM received a report from Safety Inspector III Paul Santos concerning an incident that occurred on Friday, January 6, 2017 involving a hydraulic oil spill from Top Lifter 09-03. Safety Inspector Salas relayed that he had been contacted by Transportation Leader Kin Meno concerning a hydraulic oil spill at Area V. Inspector Salas noted that Equipment Operator II Mark Tolonoa was assigned to operate Top Loader 09-03 in support of daily issuing and receiving of containers. Operator Tolonoa had just completed loading a 40-foot container at Area V and began traveling back towards Area C to load another container when he was stopped by Terminal Leader Joshua Tuitui, who informed him he was leaking hydraulic fluid. In response, Operator Tolonoa shut down his equipment and notified his Transportation Leader Meno.

Inspector Santos reported that Equipment Mechanic II Nestor Jardeleza indicated that the hydraulic hose line connected to the brake system ruptured due to wear and tear and that approximately 3-gallons of hydraulic oil had spilled onto the pavement. The National Response Center was notified and Report No. 1167901 was issued.

Inspector Santos determined that the primary cause of this incident was due to defective hydraulic hose. He recommended that Fleet Mechanics perform preventive maintenance inspections on all equipment to identify potential mechanical problems before they occur. He also recommended that incident be discussed by the Accident Review Board and to then provide recommendation to the General Manager on this matter.

Damaged Property – Gantry No. 5
Case No. 004-17

On Friday, January 20, 2017, the GM received a report dated Wednesday, January 18, 2017, from Safety Inspector II Ken Santos concerning damaged property involving Gantry No.5. According to Inspector Santos, Crane Operator Joseph Nangauta had been assigned to Gantry 5 to load containers from the Vessel Matson Manulani. During this process Operator Nangauta was lowering the hatch cover onto Bay No. 29 when a sea swell caused the vessel to list. This resulted in the hatch cover damaging the vessel's metal guide. Operator Nangauta contacted Transportation Leader Anthony Concepcion and Inspector Santos.

Inspector Santos determined that the primary cause of this incident was due to the rough and choppy seas that resulted in the listing of the vessel. He recommended that operations should have been suspended until the rough seas subsided. He also recommended that incident be discussed by the Accident Review Board and to then provide recommendation to the General Manager on this matter.

Damaged Property – 5-Ton Forklift No. 16-45
Case No. 005-17

On Wednesday, January 18, 2017, the GM received a report from Safety Inspector II Ken Santos concerning damage to -Ton Forklift No. 16-45. According to Inspector Santos, Stevedore Chris Benito was operating the identified forklift that date and was assigned to load gear boxes onto a flat rack while located at F-5 Wharf. While Stevedore Benito was maneuvering in between the flat rack and the bull rail to load the gear box, the rear end of the forklift struck the bull rail resulting in damages to the cement between 1450 and 1500. Stevedore Benito contacted his Supervisor II Junior Topasna and Inspector Santos to inform them of the incident.

Inspector Santos concluded that Stevedore Benito was not in full awareness of his surroundings. He recommended that this incident be included as a topic during the next Safety Briefing of the Stevedoring Division. He also recommended that incident be discussed by the Accident Review Board and to then provide recommendation to the General Manager on this matter.

Work Injury
Case No. 006-17

On Friday, January 20, 2017, the GM received a report from Safety Inspector III Paul Salas concerning an incident that involved Preventative Maintenance Mechanic Christopher Calip. According to Inspector Salas, Mechanic Calip was in the process of removing boxes of paint from inside a 40-foot container to transfer the paint to his official vehicle No. 6661 to return to Paint Co, when his right foot got caught between the gap of the metal grating floor of the container causing him to fall on his right side injuring his ankle.

Inspector Salas reported that Mechanic Calip was sent to GMH after the incident for medical attention and was provided with a WCC 101 (a). In addition, his Supervisor Alfred Torres was provided with WCC 201 and 202 forms to complete and return to the Safety Office.

Inspector Salas concluded that the primary cause of this incident was inattention of Mechanic Calip to his footing. He also recommended that incident be discussed by the Accident Review Board and to then provide recommendation to the General Manager on this matter.

Non-Occupational Injury
Case No. 007-17

On Wednesday, January 25, 2017, the GM received a report dated Monday, January 23, 2017 from Detailed Safety Inspector II Robert Lau. According to Inspector Lau, Stevedore Supervisor I Reed Topasna contacted the Safety Office to report that Stevedore Benny Cruz had been assigned to unlash containers on the Vessel Kyowa Rose and started to feel weak and experienced a shortness of breath. Stevedore Cruz immediately informed Supervisor Topasna of his condition.

In his findings Inspector Lau reported that the weather conditions on this day was at 89 degrees. Stevedore Cruz had been assigned to work on the APL Saipan prior to performing work on the Vessel Kyowa Rose that required him to climb, rig and unlash containers which may have caused him to be fatigued.

Inspector Lau also reported that Stevedore Cruz had been issued a WCC for 101 (a) and (b) and was transported to GMH for further medical attention. WCC forms 201 and 202 were also issued to Supervisor Topasna to complete and return to the Safety Office.

Inspector Lau recommended that employees stay hydrated and encouraged them to notify their supervisors of any health issues that may affect their work performance.

At the time of the incident it had not been determined if Stevedore Cruz's health issues were work related. This matter has since been reclassified as a Non-Occupational work injury.

Damaged Property – Mud Guard on Tractor 99
Case No. 008-17

On Wednesday, January 25, 2017, the GM received a report from Safety Inspector II Robert Lau dated Tuesday, January 24, 2017 concerning an incident that occurred on Friday, January 20, 2017, when the mud guard from Tractor 99 was damaged during draying operations. Inspector Lau reported that Crane Operator Edwin Malaga was assigned to operate Tractor 99 and dray containers from Vessel APL Guam to Area S for staging. While Operator Malaga was in the process of reversing a container into one of the parking stalls at Area S, he misjudged his turn resulting in the mud guard coming into contact with the underside of the goose neck of a parked chassis adjacent to him. This resulted in damage to the rear mud guard and minor scratches to the goose neck of the parked chassis.

Inspector Lau reported that the parked chassis was facing south and sitting lower than the chassis in the Yard. The damage reported included scrape marks to the right rear mud guard of Tractor 99 and minor scratches to the parked chassis.

Inspector Lau also reported that Port Police Office II Jerry Sanchez assisted in the investigation of the incident to address proper reporting and the implementation of appropriate procedures as a result of the incident.

Inspector Lau determined that this incident was the result of Operator Malaga's inattention to his surroundings. He recommended that this incident be a topic of discussion during the next briefing for the Transportation Division. In addition, he recommended that this incident be forwarded and discussed by the Accident Review Board and to then provide recommendations to the General Manager on this matter.

Freedom of Information Act Request

Request from Michael San Nicolas

On Wednesday, December 21, 2016, the Port received a Freedom of Information Act Request from Senator Michael San Nicolas requesting the following:

1) Any and all documents pertaining to vessel calls to the Foxtrot-1 Pier; and

2) Any and all documents pertaining to vessel calls to Golf Pier

On Wednesday, December 28, 2016, the Port provided a response to Senator San Nicolas.

Request from Michael San Nicolas

On Wednesday, December 21, 2016, the Port received a Freedom of Information Act Request from Senator Michael San Nicolas requesting the following:

1. Any and all documents pertaining to a lease agreement and/or management agreement for the F-1 Pier;

2. Any and all documents pertaining to a lease agreement and/or management agreement for tank Farm A;

3. Any and all documents pertaining to a lease agreement and/or management agreement forte Golf Pier; and

4. Any and all documents pertaining to a lease agreement and/or management agreement for Tank Farm C.

On Wednesday, December 28, 2016, the Port provided a response to Senator San Nicolas.

Request from Ken Leon Guerrero

On Wednesday, January 4, 2017 the Port received a Freedom of Information Act Request from Mr. Ken Leon Guerrero for the following:

1. A copy of invoices submitted to the Port Authority of Gaum by the Legal of Phillips and Bordallo for the year 2016

2. From 2012, copies of Invoice Numbers: 11604 – 11605 – 11606

3. From 2013, the October Invoice Number: 11629.

On Tuesday, January 10, 2016, the Acting GM Felix Pangelinan sent a letter to Mr. Leon Guerrero informing him that due to the breath of his request the Port would need ten (10) days to respond to his request on Monday, January 16, 2017.

On Friday, January 13, 2016, the Port provided a response to Mr. Leon Guerrero.

Request from Genevieve Rapadas

On Friday, January 6, 2016, the Port received a Freedom of Information Act request from Calvo Fisher & Jacob LLP Attorney Genevieve Rapadas for the following:

1. All documents relating or referring to any application by YOU for a Transportation Investment Generating Economic Recover ("TIGER") grant for Hotel Wharf for FY16, FY 17, and FY18.

2. All documents relating or referring to any grant agreement between YOU and the U.S. Department of Transportation for a TIGER grant for Hotel Wharf for 2016.

3. All documents relating or referring to any communications between YOU and the U.S. Department of transportation or any federal agency relating or referring to a TIGER grant for Hotel Wharf for FY 16, FY 17 and FY 18.

4. All documents relating or referring to any application by YOU for any federal grant for Hotel Wharf for FY16, FY 17, and FY18.

5. All documents relating or referring to any grant agreement between YOU and any federal agency for Hotel Wharf for FY16, FY 17, and FY18.

6. All documents relating or referring to any communications between YOU and any federal agency relating or referring to any grant for Hotel Wharf for FY16, FY17 and FY 18.

7. All documents relating or referring to any application by YOU for any federal grant for FY 16, FY 17, and FY 18.

8. All documents relating or referring to any plans by YOU for bond financing for FY 17 and FY 18, including without limitation, any communication between YOU and any federal agency and any communications between YOU and any other Government of Guam department, agency, autonomous instrumentality, or public corporation (including, without limitation, the Guam Economic Development Authority).

9. All documents relating or referring to all Port Authority of Guam debt, loans, mortgages, financing and encumbrances.

10. All Port Authority of Guam insurance policies covering the period of 2001 to present, including any D & O and liability policies.

On Monday, January 9, 2017, the GM provided a letter to Attorney Rapadas, informing her that due to the breath of her request the Port would need ten (10) days to respond to her request on Monday, January 16, 2017.

On Monday, January 16, 2017, the Port provided a response to Attorney Rapadas.

Request from Ken Leon Guerrero

On Thursday, January 5, 2017 the Port received a Freedom of Information Act Request from Mr. Ken Leon Guerrero for the following:

1. Any and all documents (referencing the Legal of Phillips and Bordallo) pertaining to extension of the contract and/or a new contract, or an RFP for services assuming the contract has expired according to the terms of the agreement.

2. Copies of board minutes authorizing the removal of clause 3.7 from the legal services agreement.

On Wednesday, January 11, 2017, the Port provided a response to Mr. Leon Guerrero.

Request from Ken Leon Guerrero

On Thursday, January 12, 2017 the Port received a Freedom of Information Act Request from Mr. Ken Leon Guerrero for the following:

1. Requesting copies of any and all public notices and advertisements pertaining RFP for Legal Services for the Port Authority of Guam published in local media in 2015.

On Thursday, January 19, 2017, the Port provided a response to Mr. Leon Guerrero.

Request from Neil Pang

On Monday, January 16, 2016, the GM received a Freedom of Information Act Request from Mr. Neil Pang from The Guam Daily Post for the following:

> Any information and documents pertaining to the number of cars sent oversea from Guam, who sent them, where they were sent to over the course of the last five (5) years from Jan. 1, 2012 to Jan. 1, 2017

On Monday, January 23, 2017, the Port provided a response to Mr. Pang.

Request from Office of the Attorney General

On Tuesday, January 10, 2017, the Port received an Agency Communication dated Wednesday, January 4, 2017 from Attorney General Elizabeth Barret Anderson requesting an annual report to the Attorney General of Guam regarding Freedom of Information Act request no later than Wednesday, February 1, 2017.

On Thursday, January 26, 2017, the Port provided Attorney General Elizabeth Barrett-Anderson with a listing of all Freedom of Information Act Request that have been received by the Port for FY 2016. The AG was informed that the Port had received a total of twenty-eight (28) request of which thirteen (13) were extended due to breath of the request as allowed by 5 GCA, Chapter 10, Section 10103 (e).

PORT OF GUAM **PORT AUTHORITY OF GUAM** ATURIDAT I PUETTON GUAHAN
Jose D. Leon Guerrero Commercial Port

IT Modernization, TOS, next steps



TOS live since October 2016!

G4S PARSONS BRINCKERHOFF ect navis

PORT OF GUAM **PORT AUTHORITY OF GUAM** ATURIDAT I PUETTON GUAHAN *Jose D. Leon Guerrero Commercial Port*

Go-Live review:



The new TOS has been running four months.

The teams are doing a commendable job:

- The IT team
- Operations, super users.
- Gate operations
- Reefer department
- Harbor master
- Finance, billing department.

The TOS software is running reliably
The network and workstations are working well.

PORT OF GUAM **PORT AUTHORITY OF GUAM** ATURIDAT I PUETTON GUAHAN *Jose D. Leon Guerrero Commercial Port*

Go-Live, review:



The new TOS:



We do have open issues
There are no show stoppers

- WIFI service is at 75%. Not good enough yet!
- Billing has still some open problems.
  (Unexpected need for manual input)
- Management reporting not complete
- Some TOS functions have to be fine tuned
- Some SOP's, standard operating procedures, have to be reviewed and fine tuned

PORT OF GUAM **PORT AUTHORITY OF GUAM** ATURIDAT I PUETTON GUAHAN *Jose D. Leon Guerrero Commercial Port*

Finance, Budget: $4,135,112.36



G4S Hardware & Network
G4S Installation and testing

NAVIS N4 License, delivered and installed
NAVIS training and support

5 years maintenance & support

Still some discussions with G4S:

- Some invoices need more clarification
- Some documentation not accurate

Actual $s versus budget $s need to be analyzed

PORT OF GUAM **PORT AUTHORITY OF GUAM** ATURIDAT I PUETTON GUAHAN
Jose D. Leon Guerrero Commercial Port

Current actions:

- Continue learning to use all functions of the system
- Getting the WIFI to work 100%
- Work on SOP's, the standard operating procedures
- EDI communications with shipping lines
- Management reporting
- Billing
- Making the hardware more robust
- Back-up and restore procedures



Next:

- Full wireless communications, I-pad's in Cranes and Tractors
- External communications, Website, Apps,
- TOS release management
- Full Documentation

Terminal Operating System Project

PORT OF GUAM **PORT AUTHORITY OF GUAM** ATURIDAT I PUETTON GUAHAN
Jose D. Leon Guerrero Commercial Port

Next IT Modernization Initiatives:

- Optimize yard management
- Optimize customs procedures
- Further upgrades of SOP's
- Productivity improvement
- Vessel planning
- Feeder traffic optimization
- Automated Gate, GOS
- Remote Reefer Monitoring
- Enhanced Cyber Security
- Upgrade finance systems
- Operations visualization
- IT management procedures





Recommendation:
Build a project team to work on these items.

Terminal Operating System Project

PORT OF GUAM **PORT AUTHORITY OF GUAM** ATURIDAT I PUETTON GUAHAN *Jose D. Leon Guerrero Commercial Port*

Management Points of Attention

The teams are working hard on the technical and operational subjects
Some tactical subjects should get management attention (recommendations)

Contracts with G4S and NAVIS: NAVIS should no longer be a sub-contractor. PAG should contract directly with NAVIS for follow-on support services.

Restructure billing procedures with the Guam legislation.
The billing structure is extremely complex and can't be covered by standard off-the-shelf systems.
The number of line items on the invoices should be decreased.
The tariff as such remains unchanged.

The IT budget should be restructured to be in compliance with all IT needs of the PAG.

HR management should refocus to meet the demands of the new IT-world with an expanded IT department and elimination of some existing redundant positions in the organization



PORT OF GUAM **PORT AUTHORITY OF GUAM** ATURIDAT I PUETTON GUAHAN
Jose D. Leon Guerrero Commercial Port

The honeymoon is behind us.
The focus now changes to return on investment.
There are a large number of opportunities.

(Let's have a plan)



PARSONS BRINCKERHOFF

We are here to serve you!

Thank you

PORT AUTHORITY OF GUAM
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

FINANCIAL STATEMENTS, ADDITIONAL INFORMATION AND INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2016 AND 2015

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Port Authority of Guam:

Report on Financial Statements

We have audited the accompanying financial statements of Port Authority of Guam (the Authority), a component unit of the Government of Guam, which comprise the statements of net position as of September 30, 2016 and 2015, and the related statements of revenues, expenses, and changes in net position and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port Authority of Guam as of September 30, 2016 and 2015, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 8 to the financial statements, the Authority is a defendant in a claim filed by a former tenant (Guam YTK Corporation or YTK) of the Port. The dispute was submitted to arbitration and in April 2016, the Arbitrators issued a decision in favor of YTK and awarded YTK approximately $14 million. In December 2016, the Superior Court of Guam denied the Authority's motion to vacate the Arbitration Award and granted YTK's Motion to Confirm the Award. In January 2017, the Authority's Board of Directors decided to appeal the matter to the Guam Supreme Court or other courts as necessary.

No provision has been recorded in the accompanying financial statements for the resolution of this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 15 as well as the Schedule of Proportional Share of the Net Pension Liability on page 42, and the Schedule of Pension Contributions on page 43 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Schedule of Funding Progress and Actuarial Accrued Liability – Post Employment Benefits Other Than Pensions that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Financial Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating expenses and summary of salaries and wages are presented for purposes of additional analysis and are not a required part of the financial statements.

Other Matters, Continued

Other Financial Information, Continued

The schedules of operating expenses and summary of salaries and wages on pages 44 through 48 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of operating expenses and summary of salaries and wages are fairly stated, in all material respects, in relation to the financial statements as a whole.

The schedule of employees by department on page 49 has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

_____, 2017

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis
September 30, 2016 and 2015

The following Management's Discussion and Analysis (MD&A) of the Port Authority of Guam (PAG, Port, Authority) provides an overview of the activities and financial performance for the fiscal years ended September 30, 2016 and 2015. The information contained in this MD&A has been prepared by management and should be considered in conjunction with the financial statements and the accompanying notes which follow this section and are integral to the data contained in the financial statements.

ABOUT THE AUTHORITY

The Port Authority of Guam was established as a public corporation and an autonomous agency of the Government of Guam by Public Law 13-87 in October 1975. The Port operates the only commercial seaport in the Territory and is the primary seaport in Micronesia. It operates the largest U.S. deepwater port in the region and currently handles about 2 million tons of cargo a year. The Port owns five cargo-handling piers along with two fuel piers and three marinas. The costs of operations and capital improvements are funded largely from the Authority's own revenues.

The Authority is presided over by five board members appointed by the Governor of Guam with the advice and consent of the Legislature. The Board of Directors appoints the General Manager and Deputy General Manager who are responsible for maintenance, operation and development of the Port and the Authority's business affairs.

With over 90% of the region's goods and supplies passing through its doorways, the Port's impact on the quality and sustenance of life for residents of the region cannot be overstated. As Guam can only produce limited amounts of food and products on the island, the Port is truly the life link between the region and the rest of the world.

The Authority is dedicated to providing full services to ocean vessels in support of loading and unloading cargo from Guam and Micronesia. The Port Authority of Guam is the main lifeline of consumer goods into the island, and as such, recognizes its responsibility to deliver these goods in a timely manner. In support of this mission, the Port Authority also provides land and infrastructure to private interests to further develop the maritime industries on Guam. As a public corporation, the Authority dedicates all of its profits to the upgrading of equipment and facilities and the continued growth of the island's seaport.

FINANCIAL HIGHLIGHTS

- The net position of the Authority as of September 30, 2016 was $101 million. Of this amount, $102 million is net investment in capital assets, $5.5 million is considered restricted and $(6.4) million is considered unrestricted.
- The Port's net position increased by $7.1 million for fiscal year ended September 30, 2016.
- The Port's total assets increased by $7.6 million during the fiscal year ended September 30, 2016. The major component of this change was an increase in current assets.
- The total liabilities increased by $5.9 million during fiscal year ended September 30, 2016. The major component of this change was due to increase in net pension liability of $4.7 million.
- Since Fiscal Year 2003, the Port's finances have consistently showed an increase in net assets for 14 straight years.

PORT AUTHORITY OF GUAM
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Management's Discussion and Analysis
September 30, 2016 and 2015

Overview of Financial Statements

The Authority's basic financial statements consist of the following: 1) statements of net position, 2) statements of revenues, expenses, and changes in net position, 3) statements of cash flows and 4) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements.

The statements of net position present information on all of the Authority's assets, deferred outflows and deferred inflows of resources and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statements of revenues, expenses, and changes in net position present information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Financial Analysis

The largest portion of the Authority's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets, and excluding any outstanding debt proceeds. The Authority uses these assets to provide services to its customers; consequently these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Authority's net position represents resources that are unrestricted net position which may be used to meet the Authority's ongoing obligations to employees and creditors.

In 2015, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. GASB Statements No. 68 and No. 71 establish standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to employees of state and local governments. The Authority participates in a single-employer pension plan as defined by GASB Statement No. 68. The implementation resulted in the recognition of pension expense as well as the reporting of deferred outflows and inflows of resources and a net pension liability based on the Authority's proportionate share of those of the overall plan. Refer to Note 4 for details of the pension plan.

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Management's Discussion and Analysis
September 30, 2016 and 2015

A summarized comparison of the Port's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at September 30 is as follows:

Condensed Statements of Net Position
(In thousands)

ASSETS	2016	2015	2014 (Restated)
Current and other assets	$ 41,191	$ 31,407	$ 23,299
Capital assets	122,948	125,091	71,562
Total assets	164,139	156,498	94,861
Deferred outflows of resources from pension	5,292	4,452	4,063
Total assets and deferred outflows of resources	$ 169,431	$ 160,950	$ 98,924
LIABILITIES AND NET POSITION			
Current liabilities	$ 6,352	$ 6,102	$ 5,462
Other non-current liabilities	62,414	56,710	59,190
Total liabilities	68,766	62,812	64,652
Deferred inflows of resources from pension	-	4,565	2,657
Net position:			
Net investment in capital assets	101,528	104,706	57,614
Restricted – expendable	5,531	4,257	966
Unrestricted	(6,394)	(15,390)	(26,965)
Total net position	100,665	93,573	31,615
Total liabilities, deferred inflows of resources and net position	$ 169,431	$ 160,950	$ 98,924

The Authority's total assets increased by $7.6 million during the fiscal year ended September 30, 2016, from $156.5 million in FY 2015 to $164.1 million in FY 2016.

The Port's current and other assets increased by $9.8 million or 31%, capital assets decreased by $2.1 million or 2%. Total liabilities increased by $6 million or 9% from $62.8 million in FY 2015 to $68.8 million in FY 2016. This was primarily due to the increase in Port's other non-current liabilities by $5.7 million or 10%. The net position increased by $7.1 million during the fiscal year ended September 30, 2016. Net position invested in capital assets net of related debt decreased by $3 million, restricted net position increased by $1.3 million and unrestricted net position increased by $9 million.

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Management's Discussion and Analysis
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Key elements of this increase are identified in the following schedule of changes in net position and related explanations.

Port Authority of Guam
Changes in Net Position
(In thousands)

	2016	2015	2014 (Restated)
Operating revenues:			
Cargo throughput charges	$ 38,206	$ 34,309	$ 32,078
Wharfage charges	4,930	4,617	4,493
Equipment and space rental	8,753	8,563	7,709
Special services	226	263	298
Other operating revenue	93	919	374
Total operating revenue	52,208	48,671	44,952
Recovery of (provision for) bad debts	341	(222)	(70)
	52,549	48,449	44,882
Operating expenses:			
Operations	10,574	8,814	9,633
Equipment maintenance	5,090	4,903	5,396
Facility maintenance	1,520	1,294	1,513
Management and administration	9,149	7,145	7,925
COLA/supllemental annuities	3,030	2,790	2,320
General expenses	8,493	7,421	7,458
Total operating expenses before depreciation	37,856	32,367	34,245
Operating income before depreciation	14,693	16,082	10,637
Depreciation	6,145	4,817	4,837
Operating income	8,548	11,265	5,800
Nonoperating expenses, net	2,835	783	5,410
Income before capital contributions	5,713	10,482	390
Capital contributions-US Government Grants	1,379	51,476	4,165
Increase in net position	7,092	61,958	4,555
Net position at beginning of the year	93,573	31,615	27,060
Net position at end of year	$ 100,665	$ 93,573	$ 31,615

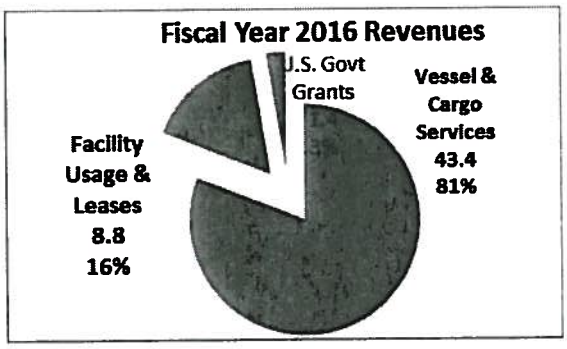
PORT AUTHORITY OF GUAM
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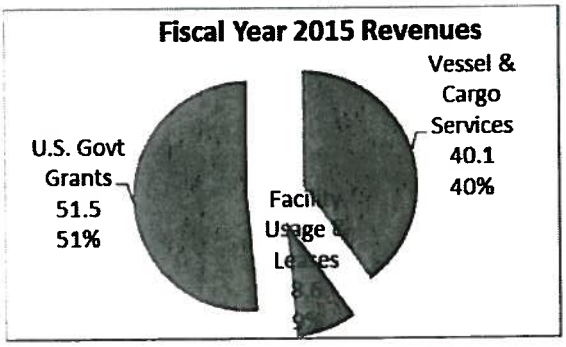
Management's Discussion and Analysis
September 30, 2016 and 2015

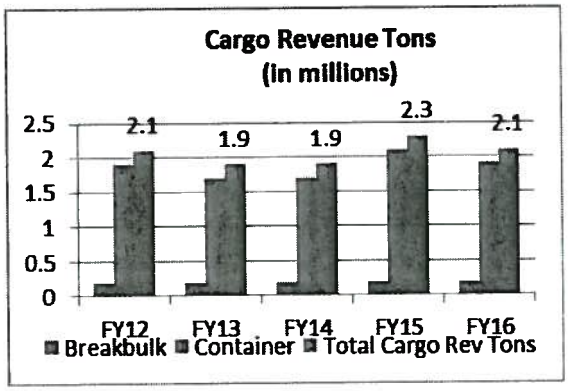
Revenues

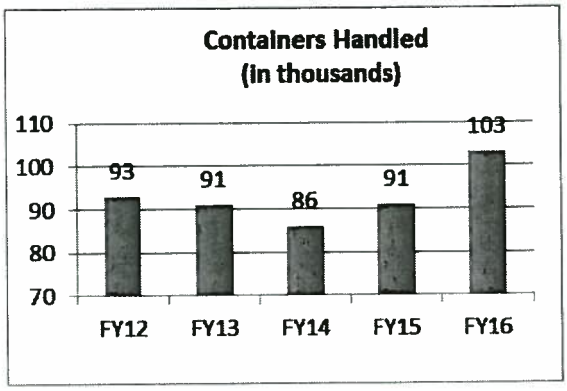
- PAG Docket 15-04, first year's rate increase of the Multi Year Tariff was approved by the PUC on October 27, 2015 and rates were implemented on December 1, 2015. The petition implemented a 7% increase to PAG's Terminal Tariff rates with the exception of the Bunkering/Fuel throughput/Waste Oil rates and the Crane Surcharge.
- Vessel and cargo services revenues in FY 2016 increased by $3.3 million. The increase was primarily due to implementation of new tariff rates and increase in cargo volume.
- Facility usage and leases increased by 2% or $190 thousand, from $8.6 million in FY 2015 to $8.7 million in FY 2016.
- Federal contributions in FY 2016 decreased by $50 million, from $51.5 million in FY 2015 to $1.4 million in FY 2016. FY2015 Federal contribution was primarily due to the Port Modernization Program (PMP). No funds under the PMP passed to the Port. The Port of Guam Improvement Enterprise Program was created and MARAD was appointed as the lead federal agency to administer and disburse this program.

Vessel and cargo services in FY 2015 increased by $2.9 million compared to FY 2014 primarily due to the full year implantation of the Interim Rate Increase and cargo volume increase. PAG Docket 13-01, Interim Rate Petition was approved by the PUC and rate was implemented on March 2, 2014.









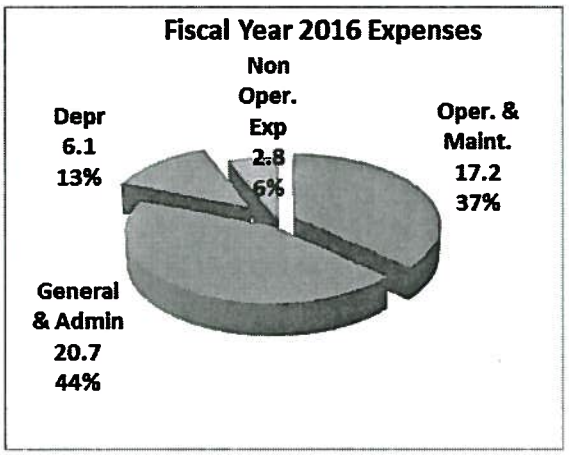
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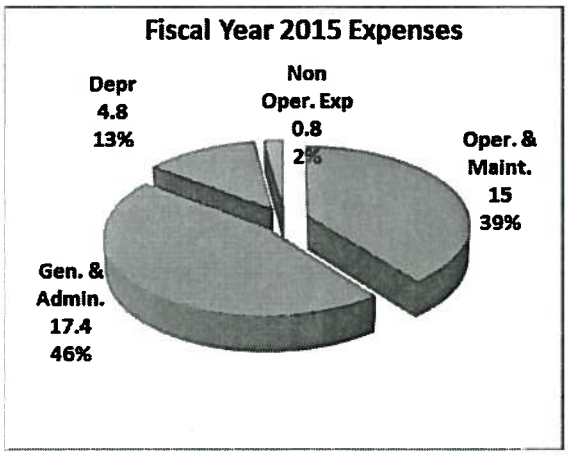
Management's Discussion and Analysis
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Expenses

In Fiscal Year 2016, the total operating expenses were $37.8 million and non-operating expenses were $2.8 million. Operating expense increased by $5.5 million and non-operating expenses increased $2 million compared to fiscal year 2015. Operating expenses for General Expense increased $1.3 million or 36%, Terminal Services increased by 35%, Management & Administration and Depreciation increased by 28%. Non-operating expenses increased by $2.5 million due to loss on asset disposal. The major asset surveyed this year was Gantry 3.

In Fiscal Year 2015, the total operating expenses were $32 million and non-operating expenses were $783 thousand. Operating expense decreased by $1.9 million and non-operating expenses decreased by $4.6 million compared to fiscal year 2014.





Port Modernization Plan

The Authority partnered with the Maritime Administration (MARAD), through a Memorandum of Understanding (MOU), for the "Port of Guam Improvement Enterprise Program" (the Program). MARAD was designated as the lead federal agency assisting the Port in securing funding sources to modernize its facilities and operations. Under the Program, MARAD's role is to provide federal oversight and coordination of projects under the program, act as a central procurement organization, leverage federal, non-federal and private funding sources, and streamline the environmental review and permitting process. This partnership with MARAD was formalized through U.S. Public Law 110-417, National Defense Authorization Act for 2010. U.S. Public Law 110-417 also established the "Port of Guam Improvement Enterprise Fund" (the Fund) which is a separate account in the Treasury of the United States and will be used to receive funding from federal and non-federal sources to carry out the Program.

In July 2010, the United States House of Representatives passed the 2010 Supplemental Appropriations Act which provided $50 million for the Port Modernization Program. This bill was signed by President Barrack Obama in August 2010. The appropriation of $50 million was transferred from the Department of Defense to the Fund on September 22, 2010. As set out in the MOU, the fund will be administered and disbursed by MARAD, with the approval/authorization of the Port. On January 30, 2013, PAG broke ground on the long awaited and anticipated port modernization projects to be completed in three phases.

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The Guam Commercial Port Improvement Program Phase I, Renovation of the CFS building into a 7,200 sq. ft. single story office building for Port Operations Personnel that were to be displaced as a result of the demolition of Warehouse 2 was completed and accepted by the Port on October 1, 2014.

Phase II, Demolition of Warehouse 2 and other selected structures. Paving repairs to increase break bulk staging area to approximately 9 acres was completed in 2014 and is being utilized by the Port by October 1, 2014.

Phase III, Facility Expansion, which is the largest construction project of the GCPI Program was completed. The expansion included expanding the Port's container yard by 4.6 acres, installation of high mast lighting in predetermined areas, a new terminal gate complex and runway, installation of oil water separators as required by Guam EPA, expansion of the east bulk yard and construction of dedicated suppression water tank. On August 3, 2015, MARAD did a partial turnover to the Port. The Port recorded Phase III in August 2015 as the Port was utilizing the facilities. On October 4, 2015, MARAD turned over the remaining completed projects. Cost of projects was taken from MARAD Financial Dashboard as of September 30, 2015. Adjustment to the facility expansion was recorded as a result of the updated Financial Dashboard as of September 30, 2016. MARAD is working on closing out the project and the Port is expecting to receive the final costs and available funds to be utilized to purchase equipment.

$54.5 million funding from the USDA

On October 22, 2010, the USDA awarded a $54.5 million loan appropriation to the Authority to complete the funding of Phase I-A of the Port Modernization Program. This loan consists of the following:

- $25 million USDA Community Facilities Direct Loan
- $25 million USDA Community Facilities Guaranteed Loan with ANZ Guam, Inc. (ANZ)
- $4.5 million USDA Guaranteed Term Loan with ANZ

On the same date, the Authority received the proceeds of the USDA Guaranteed Term Loan with ANZ of $3,500,000.

USDA Rural Development Community Facility Loans

Presented below are the USDA Rural Development Community Facility (CF) Loan Commitments as of September 30, 2016, which are intended for the Authority's specific projects (i.e., purchase of a Gantry Crane, Port Modernization Plan and purchase of top lifters and other cargo handling equipment (TLOCHE):

	USDA Loan Commitments:		*Intended for the following Projects:*		
	Direct*	Guaranteed*	Gantry Cranes	Modernization	TLOCHE
CF Loan 1	$ 2,000,000	$ -	$ -	$ -	$ 2,000,000
CF Loan 2	-	5,000,000	5,000,000	-	-
CF Loan 3	-	7,000,000	7,000,000	-	-
CF Loan 4	-	4,500,000	-	-	4,500,000
	$ 2,000,000	$ 16,500,000	$ 12,000,000	$ -	$ 6,500,000

*Proceeds of the CF Direct Loans will come from USDA, while the rest are from ANZ which is "Guaranteed" by the USDA.

CF Loan 4 (Guaranteed) of $4,500,000 intended for the purchase of cargo handling equipment, for more information please refer to Notes to Financial Statements, Long-term Bank Debt.

On March 5, 2014, the Port informed USDA that we will not proceed with $25 million USDA Community Facilities Direct Loan.

CF Loans 1 (Direct), 2 (Guaranteed) and 3 (Guaranteed) totaling $14 million is intended for the procurement of gantry cranes pursuant to Public Law 30-100 which mandates the Authority to acquire at least two gantry cranes no later than December 31, 2012. On November 2011, Public Law 31-145 was enacted that authorized the Authority to enter into negotiations with Matson and Horizon for the specific purpose of acquiring one or more of the Port of Los Angeles (POLA) gantry cranes through purchase or lease-to-own.

On June 5, 2012, the Port Board of Directors approved and ratified the purchase of the 3-POLA cranes and Gantry 3 for $12 Million Dollars. On August 27, 2012, Public Utilities Commission (PUC) approved the Sales Agreement and Interim Maintenance Agreement related to the purchase of the POLA Cranes. Subsequently, PUC in their meeting of September 25, 2012, authorized the Authority to proceed with finalizing the loan documents with the financial institution. In compliance of the statute, on December 2012, the closing of the $12M loan and official signing of the Sales Agreement for the purchase of the POLA Cranes was completed. On March 5, 2014 the Authority requested USDA to reprogram the CF Loan 1 (Direct) for $2M that is intended for the procurement of gantry crane for the acquisition of cargo handling equipment.

On July 15, 2015, the Port and USDA closed the $2M CF direct loan to purchase (8)-tractors, (4)-5 ton forklifts, (2)-portable dual operation welding machine, telescopic boom lift, compact articulated boom lift and industrial street sweeper. As of September 2016, the Port received the (2) portable welding machine, telescopic boom lift and compact articulated boom lift. The remaining equipment was procured and awaiting delivery.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

The Authority's investment in capital assets as of September 30, 2016, totaled $123 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvement other than buildings, office and cargo handling equipments, inventory and construction-in-progress. The total net decrease in the Authority's investment in capital assets for the current fiscal year was $2.1 million or 2%.

Major capital asset activity during 2016 included the following:

- Building and wharf account increased by $1.8 million due to High & Low Tower upgrade, Chain Link Fence Replacement and Gulf Pier Pipeline Replacement.

- Crane and Gantry 3 Relocation account decreased due to the survey of Gantry 3, $2 million loss was recognized.

- Other Equipment increased by $642 thousand due to acquisition of two (2) Articulating boom lifts and refurbishment/upgrade of two (2) Patrol Boats.

Please refer to Note 3 to the financial statements for additional details regarding capital asset activities during fiscal years 2016 and 2015.

Debt

The Authority obtained a $3.5 million loan from ANZ bank in October 2010 for the purchase of 4 brand new Hyster Top Lifters and 10 brand new Ottawa terminal yard tractors.

In December 2012, the Authority obtained a $12 million loan from ANZ bank for the purchase of 3 used gantry cranes.

In April 2014, the Port obtained a $10 million loan from BOG for the Service Life Extension project to repair and extend the life of the wharves, acquire multiple top lifter equipment and upgrade of its financial management system. The Notice to Proceed construction work was issued on December 30, 2014 to take effect January 5, 2015 and anticipated completion within 360 calendar days (January 2016). Recent change order has extended construction to be completed in April 2016. PAG encountered questionable workmanship on construction that is being resolved. PAG anticipates closing out this project in 2017. As of September 2016, the Port processed requisitions for four (4) new toplifters to be delivered by October 23, 2016.

In July 2015, the Port obtained a $2 million USDA direct loan for the purchase of 8-Tractors, 4-5 ton forklifts, telescopic boom lift, compact articulated boom lift, industrial sweeper, and 2-portable dual operation welding machine. Excess funds will be used to purchase Roll on Roll off tractor with trailor. As of September 2016, the Portable welding machine and boom lifts were delivered and the remaining equipment to be delivered in FY2017.

The financial covenant of the loan requires the following ratios:

a) Interest Coverage Ratio: PAG shall maintain an Interest Coverage Ratio of 1.5 to 1, calculated as follows:

$$\frac{\text{Net Profit (Loss) Before Depreciation, Interest, Taxes and Amortization}}{\text{Total Interest Expense}}$$

b) Debt Service Coverage Ratio: PAG shall maintain a Debt Service Coverage ratio of 1.30 to 1, calculated as follows:

$$\frac{\text{Net Profit (Loss) Before Depreciation, Interest, Taxes and Amortization}}{\text{Total Interest Expense + Principal Debt Reductions}}$$

The interest coverage ratio is 13.57 and the debt service coverage ratio is 6.78 for FY2016.

Please refer to Note 5 to the financial statements for additional details regarding financing activities during fiscal years 2016 and 2015.

Pending litigation

The Port is in litigation with Guam YTK Corporation (YTK), a former tenant, regarding a lease agreement dated December 14, 2001. In 2012, YTK submitted its Claim against the Government of Guam. In 2013, the Superior Court of Guam issued a Decision and Order dismissing YTK's claims, which YTK appealed. In July 2014, the Supreme Court of Guam granted YTK's motion to compel arbitration. Arbitration began in 2016 and the arbitrators issued a decision in favor of YTK. The arbitrators awarded YTK: (1) Award amount of $12.7M; (2) Ten percent (10%) per annum on the unpaid balance of the Award amount; and (3) Attorneys' fees of $1.3M and costs of $138 thousand. In July 2016, the Port filed a Motion to Vacate Arbitration Award in Superior Court of Guam. Judge Sukola denied the Port's motion on December 29, 2016.

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Management's Discussion and Analysis
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On January 19, 2017, the Board of Directors duly passed a resolution authorizing legal counsel to defend the Port against the April 4, 2016 Arbitration Award and December 29, 2016 Superior Court of Guam Decision and Order. The Board further directed legal counsel to take this matter before the Supreme Court to protect the Port's interest.

FISCAL YEAR 2017 OUTLOOK

The following are the courses of action that the Port aims to accomplish or complete in FY 2017:

5 Year Tariff Petition

In June 2015, the Port reengaged it Owner's Agent/Engineer to revisit, update and modify the current 5 Year Tariff Schedule that factored changes to the PMP and updated financial and volume information. In the September 7, 2016 Board Meeting, the Board of Directors approved and adopted a 5 Year Accelerated Tariff Petition Analysis (2017-2021) to pursue rate increases with the PUC. The Port published its proposed rate on September 12, 2016 and filed the Increase Tariff Petition on November 16, 2016.

PAG Docket 17-01, 5 Year Tariff Rate Petition is anticipated to be placed in the PUC Agenda in the March or April 2017 regular monthly meeting. If approved, management will implement rates effective June 1, 2017, or 30 days after PUC approval.

Bond Financing

PAG plans to issue a general Port revenue bond in 2017 to provide funds for the following capital projects under the 2013 Port Master Plan update and other projects identified by management to replace aging facilities.

- H-Warf local share
- New Administration Building
- Gulf Pier Repairs/Upgrades
- Waterline Replacement
- Warehouse I & Maintenance Warehouse Repairs/Upgrades

Facility Maintenance Fee Projects

Through the Facility Maintenance Fee, the Authority plans the following projects:

- A/E Services for Wheel Stopper, Storm Drainage System Repair & Gate House Repair
- Concrete Storm Drain Channel System Upgrade
- Container Yard Water Line Valves
- Container Yard Asphalt Pavement Repairs
- Container Yard Stripping & Bumpers
- Canopy/Shelter for Maintenance

Port Security Grant Program (PSGP)

Through the Port Security Grant Program of the U.S. Department of Homeland Security, the Authority proceeded with the following projects:

- Cyber Security Assessment to scan IT infrastructure for vulnerabilities, penetration test, and cyber resilience review with an estimated completion date of June 30, 2017.
- PAG was awarded 2015 PSGP for two projects: 1) procure and maintenance and sustainment contract for its CCTV and access control systems, and 2) install additional security lights at various strategic port locations, specifically 4 new light poles and fixtures adjacent to F6.

- PAG was recently awarded the 2016 PSGP for two projects: 1) procurement of additional cameras for Hagatna Marina, Agat Marina, and the Port, and 2) Phase III supplemental lighting project for industrial road, roadway heading to H-Wharf, and other strategic Port locations.

Other Marina and Harbor of Refuge Projects

- Agat Marina demolition of B Dock under the Department of Agriculture Sport Fish Restoration Program.
- Renovation of the Guam Harbor of Refuge-Architectural and Engineering Design including Environmental Study Phase for the moorings was completed on September 2015 under Boating Infrastructure Grant Program Tier1. U.S. Wildlife Fisheries Service requested additional site assessment be performed to the actual moorage system. Design of the pump-out system is scheduled to be completed in February 2017. Procurement and construction of pump out facility is anticipated to commence in 2017.

Service Life Extension (SLE) Program

The SLE Program was developed to address structural repair work at the Port's F-5 Wharf and marine repairs to F-3, F-4 and F-6 wharf. After obtaining approval from the Port's Board of Directors, the Authority engaged the Guam Economic Development Authority (GEDA) to begin soliciting the financing services on behalf of the Port to fund the SLE Program for $10 Million. In September 2012, GEDA issued the solicitation package for a $10 million loan to fund the SLE Program, upgrade the Financial Management System and acquisition of cargo handling equipment. The financing contact award took place in November 2012. The $10M loan documents were fully executed on April 3, 2014.

The solicitation process for the construction work for the SLE Program began on April 21, 2014 through an Invitation for Bid. The Public Utilities Commission approved the construction agreement in the meeting of July 31, 2014; thereby followed by contract execution on August 20, 2014. The Notice to Proceed construction work was issued on December 30, 2014 to take effect January 5, 2015 and anticipated completion within 360 calendar days (January 2016). A recent change order has extended construction to be completed in April 2016. PAG encountered questionable workmanship on construction that is being resolved. PAG anticipates closing out this project in 2017.

Terminal Operating System (TOS)

The Port Authority of Guam is striving to develop into the world-class container terminal of the Western Pacific Region. Along with the Port Modernization Project, the Terminal Operating System is a new system to replace Port's GTS system used in operations. The TOS will allow for automated invoicing and cargo and container tracking system to go live in October 2016. The TOS project is funded through loan proceeds and Port's funds.

H-Wharf

On July 29, 2016, PAG was awarded $10 Million under the Tiger Grant, the remaining balance will be funded by PAG for the reconstruction and expansion of H-Wharf built in 1948, including a new sheet pile bulkhead retaining wall and upgrades to an access road. The project also includes demolition of surface facilities and construction of additional structural components.

TIGER grants are one of the few federal funding programs available to public port authorities to help pay for critical infrastructure to move and handle freight more efficiently. $61.8 million are going to six (6) commercial seaports. The Port was one of the six ports in the nation to receive TIGER grant to help pay for critical infrastructure. The Port plans to use bond funding for its matching share. PAG and TIGER Team are working on the Agreement.

CONTACTING THE PORT'S FINANCIAL MANAGEMENT

The Management's Discussion and Analysis report is intended to provide information concerning known facts and conditions affecting the Port's operations. This financial report is designed to provide a general overview of the Port Authority's finances and to demonstrate the Port's accountability for the funds it receives and expends.

Management's Discussion and Analysis for the year ended September 30, 2015 is set forth in the report on the audit of financial statements which is dated January 29, 2016. That Discussion and Analysis explains in more detail major factors impacting the 2015 financial statements. A copy of that report can be obtained via the contact below.

For additional information about this report, please contact Joann B. Conway, Port Authority of Guam, 1026 Cabras Highway Suite 201, Piti, Guam 96915 or visit the website at www.portguam.com.

PORT AUTHORITY OF GUAM
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Statements of Net Position
September 30, 2016 and 2015

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2016	2015
Current assets:		
Cash and cash equivalents - unrestricted	$ 30,241,527	$ 19,262,240
Cash and cash equivalents - restricted expendable	5,530,865	4,256,506
Total cash and cash equivalents	35,772,392	23,518,746
Accounts receivable, net of allowance for doubtful accounts of $551,948 and $921,673 in 2016 and 2015, respectively	4,892,405	7,294,906
Federal receivables	180,601	447,182
Prepaid expenses	62,315	18,219
Total current assets	40,907,713	31,279,053
Replacement parts inventories, net of allowance for obsolescence of $71,993 and $63,086 in 2016 and 2015, respectively	282,884	128,507
Depreciable property, plant and equipment, net	104,433,310	108,510,380
Nondepreciable property, plant and equipment	18,514,993	16,580,315
Total assets	164,138,900	156,498,255
Deferred outflows of resources from pension	5,292,446	4,451,753
Total assets and deferred outflows of resources	$ 169,431,346	$ 160,950,008
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Current portion of long-term bank debt	$ 1,788,527	$ 1,053,670
Accounts payable, trade and others	1,875,663	2,573,194
Security deposits and other payables	390,189	347,418
Accrued payroll and withholdings	665,854	552,260
Current portion of accrued annual leave	1,136,453	1,171,731
Unearned revenue	495,729	403,435
Total current liabilities	6,352,415	6,101,708
Long-term bank debt, net of current portion	18,044,897	17,331,417
Net pension liability	42,317,421	37,618,961
Accrued annual leave, net of current portion	401,958	284,899
Accrued sick leave	1,649,857	1,475,443
Total liabilities	68,766,548	62,812,428
Deferred inflows of resources from pension	-	4,565,083
Commitments and contingencies		
Net position:		
Net investment in capital assets	101,527,633	104,705,608
Restricted - expendable	5,530,865	4,256,506
Unrestricted	(6,393,700)	(15,389,617)
Total net position	100,664,798	93,572,497
Total liabilities, deferred inflows of resources and net position	$ 169,431,346	$ 160,950,008

See accompanying notes to financial statements.

FOR DISCUSSION PURPOSES
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PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2016 and 2015

	2016	2015
Operating revenues:		
Cargo throughput charges	$ 31,921,115	$ 28,463,053
Equipment and space rental	8,753,079	8,563,093
Crane surcharge	6,284,894	5,845,721
Wharfage charges	4,930,170	4,616,731
Special services	225,560	263,111
Other operating income	92,951	918,820
	52,207,769	48,670,529
Recovery of (provision for) bad debts	341,007	(222,461)
	52,548,776	48,448,068
Operating expenses:		
Management and administration	9,149,189	7,145,137
Depreciation	6,144,649	4,817,356
Equipment maintenance	5,089,650	4,902,899
General expenses	4,788,404	3,522,646
Transportation services	4,548,089	3,980,080
Stevedoring services	3,585,891	3,023,547
COLA/supplemental annuities	3,030,245	2,790,239
Terminal services	2,439,778	1,809,869
Insurance	2,193,100	2,184,220
Facility maintenance	1,520,116	1,293,735
Utilities	1,511,229	1,714,357
Total operating expenses	44,000,340	37,184,085
Earnings from operations	8,548,436	11,263,983
Nonoperating (expenses) revenues:		
U.S. Government operating grants	793,913	96,741
Other income (expense), net	26,532	16,430
Interest (expense) income, net	(984,882)	(771,017)
Loss from disposal of property, plant and equipment	(2,670,887)	(125,442)
Total nonoperating expenses, net	(2,835,324)	(783,288)
Income before capital contributions	5,713,112	10,480,695
Contributed capital:		
U.S. Government grants	1,379,189	51,476,618
Increase in net position	7,092,301	61,957,313
Net position at beginning of year	93,572,497	31,615,184
Net position at end of year	$ 100,664,798	$ 93,572,497

See accompanying notes to financial statements.

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Statements of Cash Flows
Years Ended September 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Cash received from customers	$ 55,043,571	$ 49,089,964
Cash payments to suppliers for goods and services	(12,210,631)	(11,545,521)
Cash payments to employees for services and benefits	(26,835,820)	(25,690,981)
Net cash provided by operating activities	15,997,120	11,853,462
Cash flows from investing activity - interest received	68,145	92,738
Cash flows from capital and related financing activities:		
Capital grants received	132,370	3,066,081
Proceeds from long-term bank debt	2,503,530	5,229,264
Repayment of long-term bank debt	(1,055,193)	(792,001)
Interest paid	(1,053,027)	(863,755)
Purchase of property, plant and equipment	(5,159,744)	(10,244,050)
Net cash used in capital and related financing activities	(4,632,064)	(3,604,461)
Cash flows from non-capital related financing activities:		
Operating grants received	793,913	96,741
Other non-capital activities	26,532	16,430
Cash provided by non-capital related financing activities	820,445	113,171
Net increase in cash and cash equivalents	12,253,646	8,454,910
Cash and cash equivalents at beginning of year	23,518,746	15,063,836
Cash and cash equivalents at end of year	$ 35,772,392	$ 23,518,746

See accompanying notes to financial statements.

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Statements of Cash Flows, Continued
Years Ended September 30, 2016 and 2015

	2016	2015
Reconciliation of earnings from operations to net cash provided by operating activities:		
Earnings from operations	$ 8,548,436	$ 11,263,983
Adjustments to reconcile earnings from operations to net cash provided by operating activities:		
Depreciation	6,144,649	4,817,356
(Recovery of) provision for bad debts	(341,007)	222,461
Pension recovery	(707,316)	(5,306,422)
Changes in operating assets and liabilities:		
Accounts receivable, net	2,743,508	323,043
Prepaid expenses	(44,096)	1,906
Replacement parts inventories, net	(154,377)	(17,712)
Accounts payable, trade and others	(697,531)	114,231
Security deposits and other payables	42,771	31,380
Accrued payroll and withholdings	113,594	118,082
Accrued annual leave	81,781	43,973
Unearned revenue	92,294	96,392
Accrued sick leave	174,414	144,789
Net cash provided by operating activities	$ 15,997,120	$ 11,853,462

Supplemental information of noncash activity:
In 2016 and 2015, the Authority acquired $1.5 million and $48.2 million, respectively, of capital assets through federal grants.

See accompanying notes to financial statements.

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Notes to Financial Statements
September 30, 2016 and 2015

(1) Organization and Summary of Significant Accounting Policies

The Port Authority of Guam (the Authority) was created by Public Law 13-87 as an autonomous instrumentality of the Government of Guam to own and operate the facilities of the Commercial Port of Guam. All assets and liabilities were transferred from the Commercial Port of Guam to the Authority at book value effective April 20, 1976. The Authority is governed by a five member Board of Directors appointed by the Governor with consent provided by the Legislature. The Authority is a component unit of the Government of Guam.

The Authority's main cargo handling facilities are located on thirty acres of reclaimed land on Cabras Island in Piti, Guam. Title to this land was transferred from the Government of Guam to the Authority in 1979. Eleven acres of adjacent property was assigned to the Authority from the U.S. Navy at an annual rent of $1 to be used for future container yard expansion.

The Authority controls and/or manages approximately 260 acres of fast and submerged lands inclusive of the thirty acres noted previously. These areas include the Harbor of Refuge, Aqua World Marina, a portion of the Piti Channel, Agat Marina, Gregorio D. Perez Marina, Hotel Wharf, Dog Pier, Family Beach and the Port Authority Beach. The Guam Economic Development Authority (GEDA) has assigned the management of the thirty-two acre Cabras Industrial Park to the Authority.

On July 14, 2009, Public Law 30-52 placed the Authority under the oversight of the Public Utilities Commission of Guam (PUC). Because of the rate making process, certain differences may arise in the application of accounting principles generally accepted in the United States of America between regulated and non-regulated enterprises. Such differences mainly concern the time at which various items enter into the determination of net earnings in order to follow the principle of matching costs and revenues.

Basis of Accounting

The Authority utilizes the flow of economic resources measurement focus. Its financial statements are prepared in accordance with accounting principles generally accepted in the United States as applied to governmental units using the accrual basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Operating and Nonoperating Revenues and Expenses

The Authority's revenues are derived primarily from providing various services to major shipping line customers under an approved tariff rate schedule and are reported as operating revenues. Revenue is recognized on the accrual basis and is recorded upon billing when services have been completed. Capital grants, financing or investing related transactions are reported as non-operating revenues and expenses. All expenses related to operating the Authority plus the Authority's share of COLA/supplemental annuities to retirees approved by the Guam Legislature, are reported as operating expenses. Capital grants and other capital contributions from governmental agencies are recorded as net position when earned. Operating grants are recorded as revenue when earned.

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Notes to Financial Statements
September 30, 2016 and 2015

(1) Organization and Summary of Significant Accounting Policies, Continued

Net Position

Net position represents the residual interest in the Authority's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consists of the following three sections:

Net investment in capital assets:

Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted:

Nonexpendable - Net position subject to externally imposed stipulations that require the Authority to maintain them permanently.

Expendable - Net position whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire with the passage of time.

All of the Authority's restricted net position at September 30, 2016 and 2015 is expendable.

Unrestricted:

Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action by management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Cash and Cash Equivalents

For purposes of the statements of net position and of cash flows, cash and cash equivalents is defined as cash on hand and deposits in banks and time certificates of deposit with initial maturities of three months or less. Restricted cash is considered to be cash and cash equivalents but is separately classified in the statement of net position.

Accounts Receivable and Allowance for Doubtful Accounts

Substantially all of the Authority's accounts receivable as of September 30, 2016 and 2015 are due from international steamship lines/agents which are located or operating on Guam.

The Authority performs periodic credit evaluations of its customers, and generally does not require collateral. Receivables are considered past due when payment is not received within 30 days from the date of billing. As of September 30, 2016 and 2015, receivables that are more than thirty days past due totaled $1,244,328 and $1,849,680, respectively. The allowance for doubtful accounts is stated at an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectible based on evaluations of the collectibility of these accounts and prior collection experience. The allowance is established through a provision for bad debts charged to expense. Uncollectible accounts are written-off against the allowance or are charged to expense in the period the Authority deems the accounts to be uncollectible.

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Notes to Financial Statements
September 30, 2016 and 2015

(1) Organization and Summary of Significant Accounting Policies, Continued

Replacement Parts Inventories

Replacement parts inventories consist of spare parts and supplies stated at average cost and are charged to expense as used. Due to the nature and availability of parts necessary for operations, inventory includes items which often are not used within one year. Thus, replacement parts inventories are classified as non-current assets.

Property, Plant and Equipment and Depreciation

Land is recorded at its appraised value on the date of transfer from the Government of Guam. Buildings and structures are stated at cost, which includes interest during the construction period. Equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (5 - 40 years for buildings and equipment). Current policy is to capitalize individual purchases over $1,000 with useful lives exceeding one year. Normal maintenance and repairs are charged to operating expense as incurred; expenditures for major additions, improvements, infrastructure and replacements are capitalized. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal with the resulting gain or loss credited or charged to nonoperating revenue or expense, respectively.

Compensated Absences

Compensated absences are recorded as a long-term liability in the statements of net position. Estimated amounts to be paid during the next fiscal year are reported as current liabilities. Vacation pay is convertible to pay upon termination of employment.

In accordance with Public Law No. 27-5 and Public Law No. 28-68, employee vacation accrual rates are credited at either 104, 156 or 208 hours per year, depending upon their length of service as follows:

1. One-half day (4 hours) for each full bi-weekly pay period in the case of employees with less than five (5) years of service;

2. Three-fourths day (6 hours) for each full bi-weekly pay period in the case of employees with more than five (5) years of service but less than fifteen (15) years of service; and

3. One (1) day (8 hours) for each full bi-weekly pay period in the case of employees with more than fifteen (15) years of service.

The statutes further amended the maximum accumulation of such vacation credits from 480 to 320 hours. Public Law No. 27-106 allows employees who have accumulated annual leave in excess of 320 hours as of February 28, 2003, to carry over their excess and to use the excess amount of leave prior to retirement or termination from service or they may credit not more than 100 excess hours to sick leave. However, at retirement, lump sum compensation or retirement credit for annual leave in excess of three hundred twenty (320) hours is not allowed.

Public Law 26-86 allows members of the Defined Contribution Retirement System to receive a lump sum payment of one-half of their accumulated sick leave upon retirement.

PORT AUTHORITY OF GUAM
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Notes to Financial Statements
September 30, 2016 and 2015

(1) Organization and Summary of Significant Accounting Policies, Continued

Pensions

Pensions are required to be recognized and disclosed using the accrual basis of accounting. The Authority recognizes a net pension liability for the defined benefit pension plan in which it participates, which represents the Authority's proportional share of excess total pension liability over the pension plan assets – actuarially calculated – of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Deferred Outflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until the applicable future period.

Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (additions to net position) until the applicable future period.

Taxes

As an instrumentality of the Government of Guam (GovGuam), the Authority and all property acquired by or for the Authority, and all revenues and income there from are exempt from taxation by GovGuam or by any political subdivision or public corporation thereof and from all taxes imposed under the authority of the Guam Legislature, or with respect to which the Guam Legislature is authorized to grant exemption.

Risk Management

The Authority has commercial insurance coverage for directors' and officers' liability, comprehensive liability, employee dishonesty and forgery, money and securities loss, and automobile injury and property damage. Worker's compensation is managed through the local Department of Labor under the Government of Guam Special Fund (Special Fund); however, the Authority reimburses the Special Fund for the costs of claims. The Authority also has commercial property insurance coverage for 100% of the total net book value of property, plant and equipment, subject to deductibles. The Authority incurred no casualty losses in excess of insurance coverage during the years ended September 30, 2016, 2015 and 2014.

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Notes to Financial Statements
September 30, 2016 and 2015

(1) Organization and Summary of Significant Accounting Policies, Continued

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Standards

During the year ended September 30, 2016, the Authority implemented the following pronouncements:

- GASB Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements and requires entities to expand their fair value disclosures by determining major categories of debt and equity securities within the fair value hierarchy on the basis of the nature and risk of the investment.

- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which eliminates two of the four categories of authoritative GAAP that exist under the existing hierarchy prescribed by Statement No. 55. The two categories that will remain under the new standard are (1) GASB Statements and (2) GASB technical bulletins and implementation guides in addition to AICPA guidance that the GASB clears.

- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, addresses for certain external investment pools and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. Those provisions were based on the Investment Company Act of 1940, Rule 2a7. Rule 2a7 contains the Securities and Exchange Commission's regulations that apply to money market funds and were significantly amended in 2014.

The implementation of these statements did not have a material effect on the accompanying financial statements.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*, which aligns the reporting requirements for pensions and pension plans not covered in GASB Statements No. 67 and No. 68 with the reporting requirements in Statement No. 68. The provisions in Statement No. 73 are effective for fiscal years beginning after June 15, 2016. Management has yet to determine whether the implementation of this statement will have a material effect on the financial statements.

PORT AUTHORITY OF GUAM
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Notes to Financial Statements
September 30, 2016 and 2015

(1) Organization and Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and addresses financial reporting requirements for governments whose employees are provided with postemployment benefits other than pensions (other postemployment benefits or OPEB). The provisions in Statement No. 74 are effective for fiscal years beginning after June 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and provides guidance on reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Management has not determined the financial impact but anticipates that the implementation of this statement will have a material effect on the financial statements.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*, which requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The provisions in Statement No. 77 are effective for fiscal years beginning after December 15, 2015. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions in Statement No. 78 are effective for fiscal years beginning after December 15, 2015. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*, which improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The provisions in Statement No. 80 are effective for fiscal years beginning after June 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, which improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The provisions in Statement No. 81 are effective for fiscal years beginning after December 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

PORT AUTHORITY OF GUAM
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Notes to Financial Statements
September 30, 2016 and 2015

(1) Organization and Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In March 2016, GASB issued Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, which addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The provisions in Statement No. 82 are effective for fiscal years beginning after June 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

Reclassifications

Certain items in the 2015 financial statements have been reclassified to correspond with the 2016 financial statement presentation.

(2) Deposits

GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, disclosure is required of investments that have fair values that are highly sensitive to changes in interest rates. GASB Statement No. 40 also requires disclosure of formal policies related to deposit and investment risks.

GASB Statement No. 40 requires disclosures for deposits that have exposure to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized, or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. The Authority does not have a deposit policy for custodial credit risk.

As of September 30, 2016 and 2015, the carrying amount of the Authority's cash and cash equivalents totaled $35,772,392 and $23,518,746, respectively, and the corresponding bank balances were $35,590,533 and $23,871,436, respectively, all of which were maintained in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As of September 30, 2016 and 2015, bank deposits in the amount of $500,000 were FDIC insured for both years. The Authority does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk. The Authority has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its deposits.

PORT AUTHORITY OF GUAM
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Notes to Financial Statements
September 30, 2016 and 2015

(3) Property, Plant and Equipment

A summary of changes in property, plant and equipment for the years ended September 30, 2016 and 2015 is as follows:

	Beginning Balance October 1, 2015	Transfers and Additions	Transfers and Deletions	Ending Balance September 30, 2016
Depreciable:				
Buildings	$ 130,368,940	$ 3,349,745	$ (2,429,141)	$ 131,289,544
Equipment	32,902,231	2,278,027	(9,714,327)	25,465,931
	163,271,171	5,627,772	(12,143,468)	156,755,475
Less accumulated depreciation	(54,760,791)	(6,144,649)	8,583,275	(52,322,165)
	108,510,380	(516,877)	(3,560,193)	104,433,310
Non-depreciable:				
Land	3,563,000	-	-	3,563,000
Construction work-in-progress	13,017,315	7,453,401	(5,518,723)	14,951,993
	16,580,315	7,453,401	(5,518,723)	18,514,993
Total	$ 125,090,695	$ 6,936,524	$ (9,078,916)	$ 122,948,303

	Beginning Balance October 1, 2014	Transfers and Additions	Transfers and Deletions	Ending Balance September 30, 2015
Depreciable:				
Buildings	$ 74,082,836	$ 56,307,316	$ (21,212)	$ 130,368,940
Equipment	31,821,479	1,882,058	(801,306)	32,902,231
	105,904,315	58,189,374	(822,518)	163,271,171
Less accumulated depreciation	(50,636,400)	(4,817,356)	692,965	(54,760,791)
	55,267,915	53,372,018	(129,553)	108,510,380
Non-depreciable:				
Land	3,563,000	-	-	3,563,000
Construction work-in-progress	12,731,223	6,471,378	(6,185,286)	13,017,315
	16,294,223	6,471,378	(6,185,286)	16,580,315
Total	$ 71,562,138	$ 59,843,396	$ (6,314,839)	$ 125,090,695

(4) Employees' Retirement Plan

Defined Benefit Plan

A. General Information About the Pension Plan:

Plan Description: The Authority participates in the Government of Guam (GovGuam) Defined Benefit (DB) Plan, a single-employer defined benefit pension plan administered by the GovGuam Retirement Fund (GGRF). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Article 1 of 4 GCA 8, Section 8105, requires that all employees of GovGuam, regardless of age or length of service, become members of the DB Plan prior to the operative date. Employees of a public corporation of GovGuam, which includes the Authority, have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commences on or after October 1, 1995, are required to participate in the Defined Contribution Retirement System (DCRS). Hence, the DB Plan became a closed group.

PORT AUTHORITY OF GUAM
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Notes to Financial Statements
September 30, 2016 and 2015

(4) Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

A. General Information About the Pension Plan, Continued:

A single actuarial calculation is performed annually covering all plan members and the same contribution rate applies to each employer. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website – www.ggrf.com.

Plan Membership: As of September 30, 2015, the most recent measurement date, plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	7,197
Terminated employees entitled to benefits but not yet receiving them	4,701
Current members	2,460
	14,358

Benefits Provided: The DB Plan provides pension benefits to retired employees generally based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or $6,000, whichever is greater. Cost-of-living adjustments and other supplemental annuity benefits are provided to members and beneficiaries at the discretion of the Guam Legislature, but are provided outside of the Plan.

Members who joined the DB Plan prior to October 1, 1981 may retire with 10 years of service at age 60 (age 55 for uniformed personnel); or with 20 to 24 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 25 years of service at any age.

Members who joined the DB Plan on or after October 1, 1981 and prior to August 22, 1984 may retire with 15 years of service at age 60 (age 55 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 30 years of service at any age.

Members who joined the DB Plan after August 22, 1984 and prior to October 1, 1995 may retire with 15 years of service at age 65 (age 60 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 65; or upon completion of 30 years of service at any age.

Upon termination of employment before attaining at least 25 years of total service, a member is entitled to receive a refund of total contributions including interest. A member who terminates after completing at least 5 years of service has the option of leaving contributions in the GGRF and receiving a service retirement benefit upon attainment of the age of 60 years. In the event of disability during employment, members under the age of 65 with six or more years of credited service who are not entitled to receive disability payments from the United States Government are eligible to receive sixty six and two-thirds of the average of their three highest annual salaries received during years of credited service. The DB Plan also provides death benefits.

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September 30, 2016 and 2015

(4) Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

A. General Information About the Pension Plan, Continued:

Contributions and Funding Policy: Contribution requirements of participating employers and active members are determined in accordance with Guam law. Employer contributions are actuarially determined under the One-Year Lag Methodology. Under this methodology, the actuarial valuation date is used for calculating the employer contributions for the second following fiscal year. For example the September 30, 2014 actuarial valuation was used for determining the year ended September 30, 2016 statutory contributions. Member contributions are required at 9.54% of base pay (9.55% in 2015).

As a result of actuarial valuations performed as of September 30, 2014, 2013, and 2012, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2016, 2015 and 2014, respectively, have been determined as follows:

	2016	2015	2014
Normal costs (% of DB Plan payroll)	15.86%	15.92%	16.61%
Employee contributions (DB Plan employees)	9.54%	9.55%	9.50%
Employer portion of normal costs (% of DB Plan payroll)	6.32%	6.37%	7.11%
Employer portion of normal costs (% of total payroll)	1.94%	2.05%	2.39%
Unfunded liability cost (% of total payroll)	22.42%	24.09%	24.01%
Government contribution as a % of total payroll	24.36%	26.14%	26.40%
Statutory contribution rates as a % of DB Plan payroll:			
Employer	28.16%	29.85%	30.03%
Employee	9.54%	9.55%	9.50%

The Authority's contributions to the DB Plan for the years ended September 30, 2016, 2015 and 2014 totaled $1,343,278, $1,484,519, and $1,523,378, respectively, which are equal to the required contributions for those years.

Actuarial Assumptions: Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. The methods and assumptions used to determine contribution rates are as follows:

Valuation Date:	September 30, 2014
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	16.58 years
Asset Valuation Method:	3-year smoothed market value

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September 30, 2016 and 2015

(4) Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

A. General Information About the Pension Plan, Continued:

Inflation:	2.75%
Total payroll growth:	3.00% per year
Salary Increases:	4.50% to 7.50%
Expected Rate of Return:	7.00%
Discount Rate:	7.00%
Retirement age:	40% are assumed to retire upon first eligibility for unreduced retirement. Thereafter, the probabilities of retirement are 15% until age 65, 20% from 65-69, and 100% at age 70.
Mortality:	RP-2000 healthy mortality table set forward by 4 years for males and 1 year for females. Mortality for disabled lives is the RP 2000 disability mortality table with no set forwards.
Other information:	Actuarial assumptions are based upon periodic experience studies. The last experience study reviewed experience from 2007-2011, and was first reflected in the actuarial valuation as of September 30, 2012.

Discount Rate: The total pension liability is calculated using a discount rate of 7.0% that is a blend of the expected investment rate of return and a high quality bond index rate. There was no change in the discount rate since the previous year. The expected investment rate of return applies for as long as the plan assets (including future contributions) are projected to be sufficient to make the projected benefit payments. If plan assets are projected to be depleted at some point in the future, the rate of return of a high quality bond index is used for the period after the depletion date.

Discount Rate Sensitivity Analysis: The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7%) in measuring the 2015 Net Pension Liability.

	1% Decrease in Discount Rate 6.0%	Current Discount Rate 7.0%	1% Increase in Discount Rate 8.0%
Net Pension Liability	$ 51,418,408	$ 42,317,421	$ 34,488,796

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September 30, 2016 and 2015

(4) Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability: At September 30, 2016 and 2015, the Authority reported a liability of $42,317,421 and $37,618,961, respectively, for its proportionate share of the net pension liability. The Authority's proportion of the net pension liability was based on projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of GovGuam and GovGuam's component units, actuarially determined. At September 30, 2016 and 2015, the Authority's proportion of the GovGuam overall liability was 3.09% and 3.02%, respectively.

Pension Expense: For the years ended September 30, 2016 and 2015, the Authority recognized pension expense (recovery) of $3,291,147 and $(843,435), respectively.

Deferred Outflows and Inflows of Resources: At September 30, 2016 and 2015, the Authority reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2016		2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 530,712	$ -	$ 279,095	$ -
Net difference between projected and actual earnings on pension plan investments	478,202	-	-	2,863,229
Contributions subsequent to the measurement date	4,017,046	-	4,172,658	-
Changes in proportion and difference between Authority contributions and proportionate share of contributions	266,486	-	-	1,701,854
	$ 5,292,446	$ -	$ 4,451,753	$ 4,565,083

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2016 will be recognized in pension expense as follows:

Year Ending September 30,	
2017	$ 537,697
2018	$ (251,514)
2019	$ 349,962
2020	$ 639,255

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September 30, 2016 and 2015

(4) Employees' Retirement Plan, Continued

Defined Contribution Retirement System (DCRS)

Contributions into the DCRS plan by members are based on an automatic deduction of 5% of the member's regular base pay. The contribution is periodically deposited into an individual investment account within the DCRS. Employees are afforded the opportunity to select from different investment accounts available under the DCRS.

Statutory employer contributions for the DCRS plan for the years ended September 30, 2016 and 2015, are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 5% of the member's regular pay is deposited into the member's individual investment account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

Members of the DCRS plan are always 100% vested in their own contributions, plus earnings thereon. Upon completion of five years of governmental service, as defined, DCRS members are 100% vested in employer contributions plus any earnings thereon.

The Authority's contributions for the DCRS plan payroll for the years ended September 30, 2016, 2015 and 2014 were $3,251,007, $3,250,299 and $3,071,597, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts, $2,673,768, $2,688,140 and $2,539,399 were contributed toward the unfunded liability of the DB Plan for the years ended September 30, 2016, 2015 and 2014, respectively.

Public Law 26-86 allows members of the DCRS plan to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. The Authority has accrued an estimated liability of $1,649,857, $1,475,443 and $1,330,654 at September 30, 2016, 2015 and 2014, respectively, for potential future sick leave payments as a result of this law. However, this amount is an estimate and the actual payout may be materially different than estimated.

Other Post-Employment Benefits

GovGuam, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a cost-sharing multiple employer defined benefit plan to provide certain post-retirement healthcare benefits to retirees who are members of the GGRF. Under the Plan, known as the GovGuam Group Health Insurance Program, GovGuam provides medical, dental, and life insurance coverage. The retiree medical and dental plans are fully-insured products provided through insurance companies. GovGuam shares in the cost of these plans, with GovGuam's contribution amount set each year at renewal. Current statutes prohibit active and retired employees from contributing different amounts for the same coverage. As such, GovGuam contributes substantially more to the cost of retiree healthcare than to active healthcare. For the life insurance plan, GovGuam provides retirees with $10,000 of life insurance coverage through an insurance company. Retirees do not share in the cost of this coverage. Because the Plan consists solely of GovGuam's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

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(4) Employees' Retirement Plan, Continued

Other Post-Employment Benefits, Continued

For the years ended September 30, 2016, 2015 and 2014, the Authority reimbursed GovGuam for certain supplemental benefits for retirees, including contributions for the abovementioned Plan, as follows:

	2016	2015	2014
Medical and dental	$ 1,878,355	$ 1,624,706	$ 1,198,985
Supplemental benefits	1,092,210	1,108,560	1,073,756
Life insurance	59,680	56,973	47,680
	$ 3,030,245	$ 2,790,239	$ 2,320,421

(5) Long-Term Liabilities

Summary

Long-term liabilities of the Authority consist of annual leave and sick leave payable to its employees, net pension liability and long-term bank debt. Changes in long-term liabilities for the years ended September 30, 2016 and 2015 are as follows:

	Outstanding at September 30, 2015	Increases	Decreases	Outstanding at September 30, 2016	Current	Noncurrent
Accrued annual leave	$ 1,456,630	$ 1,216,027	$ 1,134,246	$ 1,538,411	$ 1,136,453	$ 401,958
Accrued sick leave	1,475,443	677,423	503,009	1,649,857	-	1,649,857
Long-term bank debt	18,385,087	2,503,530	1,055,193	19,833,424	1,788,527	18,044,897
Net pension liability	37,618,961	4,698,460	-	42,317,421	-	42,317,421
	$ 58,936,121	$ 9,095,440	$ 2,692,448	$ 65,339,113	$ 2,924,980	$ 62,414,133

	Outstanding at September 30, 2014	Increases	Decreases	Outstanding at September 30, 2015	Current	Noncurrent
Accrued annual leave	$ 1,412,657	$ 1,192,248	$ 1,148,275	$ 1,456,630	$ 1,171,731	$ 284,899
Accrued sick leave	1,330,654	144,789	-	1,475,443	-	1,475,443
Long-term bank debt	13,947,824	5,229,264	792,001	18,385,087	1,053,670	17,331,417
Net pension liability	44,444,980	-	6,826,019	37,618,961	-	37,618,961
	$ 61,136,115	$ 6,566,301	$ 8,766,295	$ 58,936,121	$ 2,225,401	$ 56,710,720

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Notes to Financial Statements
September 30, 2016 and 2015

(5) Long-Term Liabilities, Continued

Long-term Bank Debt

Long-term debt consists of the following at September 30, 2016 and 2015:

	2016	2015
• $2,000,000 loan obtained from United States Department of Agriculture (USDA) on July 15, 2015. The loan bears interest at 3.625% and is payable in monthly installments of $27,000 in principal and interest over seven years. Proceeds of the loan will be used to fund the acquisition of cargo handling equipment.	$ 1,700,752	$ 1,958,020
• Two loans not to exceed a total of $10,000,000 obtained from Bank of Guam on April 3, 2014. One loan (SLE Loan) was used for the purpose of funding the cost of service life extension repairs to berths or wharves. The other loan (Purchase Loan) was used for funding the cost of software acquisition for the purpose of upgrading the financial management system. Each loan bears interest at 2.55% above the Federal Home Loan Bank of Seattle Long Term 5-year amortizing fixed rate in effect from time to time or 3.75% whichever is greater. The interest rate shall be adjusted on the fifth anniversary. At September 30, 2016 and 2015, the SLE and Purchase Loans bear interest at 4.14% and 3.94%, respectively. Each loan is payable in ten years from drawdown dates with only interest due for the first two years. The outstanding principal balances of the SLE and Purchase Loans as of September 30, 2016 are $4,732,794 and $1,000,000, respectively. The outstanding principal balances of the SLE and Purchase Loans as of September 30, 2015 are $2,391,861 and $837,403, respectively.	5,732,794	3,229,264
• $12,000,000 loan obtained from ANZ Guam, Inc. (ANZ) on December 20, 2012, guaranteed by USDA. The term loan bears interest at 3.42% above the Federal Home Loan Bank of Seattle's 15-year amortizing rate at the time of funding (5.94% at September 30, 2016 and 2015) and is payable in monthly installments of $101,427 in principal and interest over fifteen years. Proceeds of the loan were used to finance the acquisition of the used cranes identified as Port of Los Angeles Cranes and Gantry Cranes (collectively the "cranes") which are also pledged as collateral for the loan.	9,925,985	10,524,501

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(5) Long-Term Liabilities, Continued

Long-term Bank Debt, Continued

	2016	2015
• $3,500,000 loan obtained from ANZ on October 22, 2010, representing a portion of the $4,500,000 USDA Guaranteed Term Loan. The term loan bears interest at 3% above the Federal Home Loan Bank of Seattle's 15-year amortizing fixed advanced rate at the time of funding (6.18% at September 30, 2016 and 2015) and is payable in monthly installments of $30,049 in principal and interest over fifteen years. Proceeds of the loan were used to reimburse the Authority for the acquisition of four top lifters and ten terminal yard contractors which are also pledged as collateral for the loan.	2,473,893	2,673,302
	19,833,424	18,385,087
Less current portion	1,788,527	1,053,670
	$ 18,044,897	$ 17,331,417

As of September 30, 2016, future maturities of long-term bank debt are as follows:

Year Ending September 30,	Principal	Interest	Total Debt Service
2017	$ 1,788,527	$ 991,584	$ 2,780,111
2018	2,014,395	915,608	2,930,003
2019	2,116,040	813,963	2,930,003
2020	2,221,129	708,874	2,930,003
2021	2,335,638	594,365	2,930,003
2022 through 2026	7,897,299	1,459,094	9,356,393
2027 through 2028	1,460,396	62,961	1,523,357
	$ 19,833,424	$ 5,546,449	$ 25,379,873

Cargo throughput and wharfage revenues totaling $36,851,285 and $33,079,784 for the years ended September 30, 2016 and 2015, respectively, have been pledged as security for the SLE and Purchase Loans. The SLE Loan is also secured by the facility maintenance fee revenues which are deposited in a special fund with a balance of $2,708,032 and $2,368,236 as of September 30, 2016 and 2015, respectively.

The Authority is required to maintain a reserve account at the sum of principal and interest due and the aggregate amount of payments to become due in the next 90 days. The balance in the reserve account at September 30, 2016 and 2015 is $322,756 and $319,660, respectively.

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(6) Major Customers

For the years ended September 30, 2016 and 2015, the Authority has two and three major shipping agency customers, respectively, that collectively accounted for 65.43% and 77.18% of total operating revenues, respectively. The Authority has a high concentration of credit risk due to the limited number of entities comprising its customer base.

(7) Rental Operations

The Authority, in cooperation with the GEDA, leases space to tenants under noncancelable operating leases, with options to renew, providing for future minimum rentals. The minimum future rental on noncancelable operating leases for the five succeeding fiscal years and thereafter, are as follows:

Year Ending September 30,	Amount
2017	$ 1,122,057
2018	1,122,057
2019	1,122,057
2020	921,339
2021	314,544
Thereafter	1,945,006
	$ 6,547,060

The Authority also leases equipment and space to tenants on a month-to-month basis.

Total equipment and lease space revenue from tenants for all rentals totaled $8,753,079 and $8,563,093 for the years ended September 30, 2016 and 2015, respectively.

(8) Commitments and Contingencies

Port Modernization Plan

The Port Modernization Plan (the Plan) spans a 30-year planning horizon with an estimated project cost of $260 million and was conditionally approved in 2008 through Public Law 29-125. The Plan consists of Phases I-A and I-B with a focus on critical maintenance and repair of waterfront activities and Phase II with a focus on expansion needed to address long-term cargo growth demands of Guam and neighboring islands over the next twenty years. In 2009, the Guam Legislature approved Phases I-A and I-B of the Plan through Public Law 30-57.

In June 2008, through a Memorandum of Understanding (MOU), the Authority partnered with the Maritime Administration (MARAD) for the "Port of Guam Improvement Enterprise Program" (the Program). MARAD was designated as the lead federal agency assisting the Authority in securing funding sources to modernize its facilities and operations. Under the Program, MARAD is to provide federal oversight and coordination of projects, act as a central procurement organization, leverage federal, non-federal and private funding sources, and streamline the environmental review and permitting process. The partnership with MARAD was formalized through U.S. Public Law 110-417, *National Defense Authorization Act for 2010*. U.S. Public Law 110-417 also established the "Port of Guam Improvement Enterprise Fund" (the Fund), a separate account in the Treasury of the United States that will be used to receive funding from federal and non-federal sources to carry out the Program.

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(8) Commitments and Contingencies, Continued

Port Modernization Plan, Continued

The Authority commenced with the Phase I-A of the Plan in 2010 and is to be funded by the following:

Appropriation from the U.S. Department of Defense (USDOD)	$ 50,000,000
Appropriations from the USDA:	
Direct loans	25,000,000
Community Facilities Guaranteed Loan with ANZ	25,000,000
Guaranteed term loan with ANZ	4,500,000
	$ 104,500,000

In November 2013, the Plan was updated to provide a comprehensive view of the Authority's current condition, identify elements of continuous improvement and sustainability, and scale down the components of Phase I-A of the Plan. Changes to the Plan were signed into law through Public Law 32-155 on May 21, 2014.

Appropriation from the USDOD:

The appropriation from the USDOD is sourced from the 2010 U.S. Supplemental Appropriations Act that was signed into law in August 2010. The appropriation was transferred to the Fund on September 22, 2010 and is administered and disbursed by MARAD based on the terms of the MOU; with the approval and authorization of the Authority.

The Authority segregated the construction funded by the $50,000,000 USDOD appropriation into three phases. As of September 30, 2015, all three phases have been completed and capitalized with a total cost of $54,000,000; $48,200,000 of which came from the USDOD appropriation and $5,800,000 relates to consultants' charges. A dashboard project expenditure summary was provided to the Authority by MARAD and was used as the basis for recording $48,200,000 of capital assets. In 2016, the Authority received an updated dashboard project expenditure summary from MARAD showing a revised total cost of $47,300,000. An adjustment of $900,000 to capital assets was made to reflect the updated project cost. The Authority expects to receive the close-out documents from MARAD and changes in such expenditure details, if any, will be accounted for prospectively in the financial statements.

The Authority requested assistance from MARAD to reprogram the remaining $2,700,000 of USDOD funds for the acquisition of equipment.

Appropriations from the USDA:

The appropriations from USDA were awarded on October 22, 2010. On the same date, the Authority received $3,500,000 of the guaranteed term loan with ANZ (see note 5). The Authority anticipates that it will not utilize the unused portion of the loan.

In 2011, due to changes in certain factors relating to the military buildup and cargo forecast, the Authority will not be able to proceed with the $25,000,000 direct loan.

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(8) Commitments and Contingencies, Continued

Port Modernization Plan, Continued

Appropriations from the USDA, Continued:

In 2012, the Authority utilized $12,000,000 of the Community Facilities Guaranteed loan with ANZ for the acquisition of cranes and $2,000,000 in 2015 for the acquisition of cargo handling equipment (see note 5). The remaining loan will fund the acquisition of other cargo handling and maintenance equipment.

Government of Guam General Fund

In March 2011, the Authority received a $12,250,000 invoice from the Government of Guam's Department of Administration (DOA) representing an annual assessment of $875,000 for each of the fiscal years 1998 to 2011 pursuant to 5 GCA Chapter 22 Section 22421, *Transfer of Autonomous Agency Revenues To Autonomous Agency Collections Fund*. In May 2011, the Authority requested DOA further review the assessment as the Authority believes that it does not owe the entire $12,250,000 based on previous transfers in 1994 and 1997 of $500,000 and $3,500,000 to the General fund and to the Government of Guam Autonomous Agency Infrastructure Collection Fund (AAICF), respectively. The Authority also asserts that it funds certain government services provided by the Guam Customs and Quarantine Agency, the Guam Environmental Protection Agency, the Guam Police Department and the Guam Fire Department through ongoing operations at the Port; contributes to GEDA and Port's Base Realignment and Closure Commission; and, will fund the Tri-Star Pipeline and water line projects in the future. Further, the Authority understands that it is only required to transfer amounts to the AAICF when there is an operating surplus.

In September 2011, the Authority accrued $700,000 representing its liability towards the AAICF funding based on its interpretation of the law. In 2015, the accrual was reversed and recognized as other operating income.

Lawsuit and Claims

The Authority is engaged in litigation with Guam YTK Corporation (YTK), a former tenant, involving a lease agreement dated December 14, 2001. In 2016, the case was submitted to arbitration as required by the terms of the lease agreement and in April 2016, the Arbitrators issued a decision awarding YTK $14 million. The Authority filed an appeal in the Superior Court of Guam to deny the award to YTK. In December 2016, the Superior Court of Guam issued a decision denying the Authority's appeal. Management maintains its position that the lease is not legal and will appeal the decision to the Supreme Court of Guam. No provision has been recorded for the litigation in the financial statements.

The Authority is a defendant in other various lawsuits and proceedings arising in the normal course of business. While the outcome of these lawsuits and proceedings cannot be predicted with certainty and could adversely affect the Authority's financial statements, it is the opinion of management, after consulting with its legal counsel, that the ultimate disposition of such suits and proceedings will not have a material adverse effect on the Authority's financial statements, and therefore no provision has been recorded for these claims in the 2016 and 2015 financial statements.

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(8) Commitments and Contingencies, Continued

Merit System

In 1991, Public Law 21-59 was enacted to establish a bonus system for employees of the Government of Guam, autonomous and semi-autonomous agencies, public corporations and other public instrumentalities of the Government of Guam who earn a superior performances grade. The bonus is calculated at 3.5% of the employee's base salary beginning in 1991. The remaining estimated accrued merit bonus as of September 30, 2016 and 2015 is $54,000.

Contract Commitments

As of September 30, 2016, the Authority has various on-going construction contracts with a total contract price of $10 million, of which $8.7 million has been recorded as construction work-in-progress.

Purchase Commitments

As of September 30, 2016, the Authority has outstanding purchase orders for various equipment purchases totaling $4.4 million.

(9) Crane Surcharge

Pursuant to a PUC rate order, the Authority charges a crane surcharge of $125 for each loaded import and export container and first carriers fully loaded transshipment containers handled at the Port. In addition, the rate order required the Authority to assess a $5 per ton surcharge on break bulk cargo, capped at $105 per item.

The rate order also required the Authority to deposit 9.5% of surcharge revenues into a crane replacement sinking fund, which is restricted for the future acquisition of cranes, loan payments on crane debt service or extraordinary corrective maintenance events. The balance in the reserve account at September 30, 2016 and 2015 is $2,500,077 and $1,568,610, respectively.

The Authority recorded $6,284,894 and $5,845,721 of crane surcharge revenue for the years ended September 30, 2016 and 2015, respectively.

(10) Restricted Net Position

At September 30, 2016 and 2015, net position is restricted for the following purposes:

	2016	2015
Future crane acquisition, crane debt service or extraordinary crane maintenance	$ 2,500,077	$ 1,568,610
Debt service	322,756	319,660
Collateral for the SLE loan	2,708,032	2,368,236
	$ 5,530,865	$ 4,256,506

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(11) Subsequent Events

In October 2016, Bill 2-33 was passed, enacting two new government retirement plans; the DB Lite plan and the Guam Retirement Security Plan. Beginning 2018, the Security Plan and Defined Contribution plan are to become the primary retirement systems for all new hires.

OTHER FINANCIAL INFORMATION

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Required Supplemental Information (Unaudited)
Schedule of Proportional Share of the Net Pension Liability
Last 10 Fiscal Years*

	2016	2015	2014
Total Government of Guam net pension liability	$ 1,370,173,934	$ 1,246,306,754	$ 1,303,304,636
Port Authority of Guam's (PAG's) proportionate share of the net pension liability	$ 42,317,421	$ 37,618,961	$ 44,444,980
PAG's proportion of the net pension liability	3.09%	3.02%	3.41%
PAG's covered-employee payroll**	$ 15,763,970	$ 15,246,135	$ 15,719,810
PAG's proportionate share of the net pension liability as percentage of its covered employee payroll	268.44%	246.74%	282.73%
Plan fiduciary net position as a percentage of the total pension liability	53.50%	56.60%	53.94%

* This data is presented for those years for which information is available.
** Covered-employee payroll data from the actuarial valuation date with one-year lag.

See Accompanying Independent Auditors' Report.

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Required Supplemental Information (Unaudited)
Schedule of Pension Contributions
Last 10 Fiscal Years*

	2016	2015	2014
Actuarially determined contribution	$ 4,164,744	$ 4,071,265	$ 4,218,951
Contribution in relation to the actuarially determined contribution	4,172,659	4,062,777	4,214,569
Contribution (excess) deficiency	$ (7,915)	$ 8,488	$ 4,382
PAG's covered-employee payroll **	$ 15,763,970	$ 15,246,135	$ 15,719,810
Contribution as a percentage of covered-employee payroll	26.47%	26.65%	26.81%

* This data is presented for those years for which information is available.
** Covered-employee payroll data from the actuarial valuation date with one-year lag.

See Accompanying Independent Auditors' Report.

Schedule 1

PORT AUTHORITY OF GUAM
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Details of Operating Expenses
Years Ended September 30, 2016 and 2015

	2016	2015
Management and Administration:		
Management:		
Salaries and wages - regular	$ 476,565	$ 414,527
Pension cost (recovery)	101,458	(29,351)
Annual leave	45,177	39,917
Benefits - Government contribution	23,141	22,709
Fringe benefits	9,298	11,422
Salaries and wages - other	4,007	439
Office supplies	1,366	1,680
Salaries and wages - overtime	-	90
Miscellaneous	20,351	27,288
Total management	681,363	488,721
Administration:		
Salaries and wages - regular	5,269,253	4,781,432
Pension cost (recovery)	1,072,488	(189,527)
Annual leave	432,026	409,791
Salaries and wages - overtime	375,108	407,426
Benefits - Government contribution	324,397	303,809
Fringe benefits	306,260	302,296
Repairs and maintenance	158,149	160,629
Salaries and wages - other	109,069	99,049
Furnishings and equipment	81,436	51,642
Operational supplies	41,489	55,796
Office supplies	31,032	30,263
Miscellaneous	267,119	243,810
Total administration	8,467,826	6,656,416
Total management and administration	$ 9,149,189	$ 7,145,137

See Accompanying Independent Auditors' Report.

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Details of Operating Expenses, Continued
Years Ended September 30, 2016 and 2015

	2016	2015
Equipment Maintenance:		
Salaries and wages - regular	$ 2,312,741	$ 2,286,132
Repairs and maintenance	754,675	1,171,967
Pension cost (recovery)	513,067	(154,345)
Operational supplies	458,744	479,236
Salaries and wages - overtime	300,850	291,860
Salaries and wages - other	195,818	258,880
Annual leave	192,090	198,306
Fringe benefits	179,290	187,866
Benefits - Government contribution	142,946	144,967
Contractual	22,525	20,079
Furnishings and equipment	14,977	10,388
Office supplies	1,903	1,456
Miscellaneous	24	6,107
Total equipment maintenance	$ 5,089,650	$ 4,902,899
Transportation Services:		
Salaries and wages - regular	$ 2,565,230	$ 2,548,914
Pension cost (recovery)	616,315	(138,248)
Salaries and wages - overtime	416,472	531,789
Annual leave	203,913	207,022
Gas, oil and diesel	200,244	301,355
Fringe benefits	192,338	202,897
Salaries and wages - other	183,085	150,474
Benefits - Government contribution	166,388	168,375
Furnishings and equipment	1,646	1,813
Operational supplies	1,435	2,014
Office supplies	1,023	999
Miscellaneous	-	2,676
Total transportation services	$ 4,548,089	$ 3,980,080

See Accompanying Independent Auditors' Report.

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Details of Operating Expenses, Continued
Years Ended September 30, 2016 and 2015

	2016	2015
Stevedoring Services:		
Salaries and wages - regular	$ 2,184,178	$ 2,154,200
Pension cost (recovery)	468,977	(176,013)
Salaries and wages - overtime	253,913	358,615
Fringe benefits	186,099	191,563
Annual leave	168,284	169,957
Salaries and wages - other	157,087	141,053
Benefits - Government contribution	145,939	146,438
Operational supplies	20,385	37,354
Office supplies	1,029	380
Total stevedoring services	$ 3,585,891	$ 3,023,547
Facility Maintenance:		
Salaries and wages - regular	$ 859,901	$ 827,835
Pension cost (recovery)	192,112	(68,727)
Operational supplies	134,442	120,065
Salaries and wages - overtime	114,532	173,327
Annual leave	66,973	70,241
Fringe benefits	64,358	67,689
Benefits - Government contribution	58,310	57,491
Salaries and wages - other	14,124	14,234
Repairs and maintenance	8,646	11,144
Furnishings and equipment	5,889	14,251
Office supplies	767	274
Miscellaneous	62	5,911
Total facility maintenance	$ 1,520,116	$ 1,293,735

See Accompanying Independent Auditors' Report.

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Details of Operating Expenses, Continued
Years Ended September 30, 2016 and 2015

	2016	2015
Terminal Services:		
Salaries and wages - regular	$ 1,500,247	$ 1,303,829
Pension cost (recovery)	326,730	(87,224)
Salaries and wages - overtime	206,975	227,033
Fringe benefits	134,810	118,299
Annual leave	111,176	100,472
Benefits - Government contribution	99,285	88,449
Salaries and wages - other	49,066	45,409
Office supplies	6,127	11,916
Operational supplies	5,362	1,686
Total terminal services	$ 2,439,778	$ 1,809,869
General Expenses:		
Professional services	$ 1,978,138	$ 1,528,301
Managers' fee	1,003,386	803,486
Legal counsel	857,364	757,098
Maintenance	365,427	180,190
Waste removal	112,883	94,294
Workmen's compensation injury allowance	105,477	65,893
Agency fee	52,163	48,485
Audit	45,000	42,000
Claims and damages	17,022	-
Port incentive award	16,196	-
Inventory adjustment	7,226	(17,979)
Board of Directors expense	4,229	4,233
Miscellaneous	223,893	16,645
Total general expenses	$ 4,788,404	$ 3,522,646

See Accompanying Independent Auditors' Report.

Schedule 2

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Summary of Salaries and Wages
Years Ended September 30, 2016 and 2015

	2016	2015
Salaries and wages - regular	$ 15,168,115	$ 14,316,869
Benefits - Government contribution	960,407	932,238
Salaries and wages - overtime	1,667,850	1,990,140
Fringe benefits	1,072,452	1,082,032
Salaries and wages - other	712,255	709,538
	$ 19,581,079	$ 19,030,817

See Accompanying Independent Auditors' Report.

Schedule 3

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Employees by Department
Years Ended September 30, 2016 and 2015

	2016	2015
Department:		
Management and administration	108	109
Equipment maintenance	47	48
Transportation services	66	69
Stevedoring services	57	63
Facility maintenance	27	22
Terminal services	39	37
	344	348

See Accompanying Independent Auditors' Report.

PORT AUTHORITY OF GUAM
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

INDEPENDENT AUDITORS' REPORTS ON INTERNAL CONTROL AND ON COMPLIANCE

YEAR ENDED SEPTEMBER 30, 2016

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Port Authority of Guam:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Port Authority of Guam (the Authority), a component unit of the Government of Guam, which comprise the statement of net position as of September 30, 2016, and the related statements of revenues, expenses and changes in net position, and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated _____, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

_____, 2017

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

The Board of Directors
Port Authority of Guam:

Report on Compliance for Each Major Federal Program

We have audited Port Authority of Guam's (the Authority's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2016. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001. Our opinion on each major federal program is not modified with respect to these matters.

The Authority's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs and corrective action plan. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001, that we consider to be a significant deficiency.

The Authority's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs and corrective action plan. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Port Authority of Guam as of and for the year ended September 30, 2016, and have issued our report thereon dated _____, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

_____, 2017

PORT AUTHORITY OF GUAM
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Schedule of Expenditures of Federal Awards
Year Ended September 30, 2016

CFDA #	Other Identification Number	Agency/Program	Federal Expenditures
		U.S. Department of Agriculture	
		Direct Program:	
10.Unknown	Not applicable	Rural Development Loan Guarantee: FY11	$ 2,673,302
10.Unknown	Not applicable	Rural Development Loan Guarantee: FY13	10,524,501
10.Unknown	Not applicable	Rural Development Loan Guarantee: FY15	1,958,020
		U.S. Department of Agriculture Total	15,155,823
		U.S. Department of Defense	
	P0747301	Pass through Government of Guam Office of the Governor:	
12.607		Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation	624,266
		U.S. Department of Defense Total	624,266
		U.S. Department of the Interior	
	P0747301	Pass through Government of Guam Department of Administration:	
15.605		Sport Fish Restoration	57,819
15.616		Clean Vessel Act	57,919
15.622		Sportfishing and Boating Safety Act	3,600
		U.S. Department of the Interior Total	119,338
		U.S. Department of Transportation	
	P0747301	Pass-through the Government of Guam Department of Public Works:	
		Highway Planning and Construction Cluster:	
20.205		Highway Planning and Construction	1,513,400
		Direct Program:	
		State and Community Highway Safety Cluster:	
20.600	Not applicable	State and Community Highway Safety	12,465
		U.S. Department of Transportation Total	1,525,865
		U.S. Department of Homeland Security	
		Direct Programs:	
97.026	Not applicable	Emergency Management Institute Training Assistance	2,000
97.036	Not applicable	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	50,219
97.056	Not applicable	Port Security Grant Program	743,935
		U.S. Department of Homeland Security Total	796,154
		Total Federal Awards	$ 18,221,446

See accompanying notes to Schedule of Expenditures of Federal Awards.

PORT AUTHORITY OF GUAM
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2016

(1) Scope of Audit

The Port Authority of Guam (the Authority) is a component unit of the Government of Guam created by Public Law 13-87 as an autonomous agency of the Government of Guam. Only the transactions of the Authority are included within the scope of the Single Audit.

Programs Subject to Single Audit

The Schedule of Expenditures of Federal Awards presents each Federal program related to the following agencies:

- U.S. Department of Agriculture
- U.S. Department of Defense
- U.S. Department of Homeland Security
- U.S. Department of the Interior
- U.S. Department of Transportation

(2) Summary of Significant Accounting Policies

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting, consistent with the manner in which the Authority maintains its accounting records. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. All expenses, capital outlays and loan proceeds are reported as expenditures.

The Authority recognizes contributions from the federal government when qualifying expenditures are incurred.

(3) Noncash Awards

Pursuant to the Fixing America's Surface Transportation Act (FAST Act), 23 U.S.C 104, the Authority entered into a Memorandum of Agreement with the Government of Guam Department of Public Works, to lead the replacement of the welded steel petroleum distribution piping and appurtenances. The project was completed, turned over to, and accepted by the Authority on November 13, 2015.

(4) Loans or Loan Guarantee Programs

The Authority has three outstanding loans guaranteed by the U.S. Department of Agriculture. The outstanding balances as of September 30, 2016 are included below.

Rural Development Loan Guarantee: FY11	$	2,473,893
Rural Development Loan Guarantee: FY13		9,925,985
Rural Development Loan Guarantee: FY15		1,700,752
Total outstanding loans	$	14,100,630

(5) Indirect Cost Rate

The Authority has not elected to use the 10% de minimis cost rate.

PORT AUTHORITY OF GUAM
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

1.	Type of auditors' report issued:	Unmodified
	Internal control over financial reporting:	
2.	Material weakness(es) identified?	No
3.	Significant deficiency(ies) identified?	None reported
4.	Noncompliance material to financial statements noted?	No

Federal Awards

	Internal control over major federal programs:	
5.	Material weakness(es) identified?	No
6.	Significant deficiency(ies) identified?	Yes
7.	Type of auditors' report issued on compliance for major federal programs:	Unmodified
8.	Any audit findings disclosed that are required to be reported in accordance with section 516(a) of the Uniform Guidance?	Yes

9. Identification of major federal programs:

CFDA Number(s)	Name of Federal Program
10.Unknown	Rural Development Loan Guarantee
20.205	Highway Planning and Construction

10.	Dollar threshold used to distinguish between Type A and Type B Programs:	$750,000
11.	Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

Finding Number	Findings
2016-001	Special Tests and Provisions

PORT AUTHORITY OF GUAM
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2016

Finding No.:	2016-001
Federal Agency:	U.S. Department of Agriculture
CFDA Program:	10.Unknown Rural Development Loan Guarantee
Award No.:	2013 USDA Loan Guarantee
Area:	Special Tests and Provisions – Detailed unaudited financial statement submission
Questioned Cost:	$0

Criteria: Per Article 6.1(B) of 2013 USDA loan agreement, the Borrower (the Authority) agrees that it will provide detailed unaudited financial statements to the Lender and to the U.S. Department of Agriculture Rural Development within forty-five (45) days after the end of each quarter.

Condition: The Authority has not submitted quarterly unaudited financial statements in fiscal year 2016 to the U.S. Department of Agriculture Rural Development. The Authority has transmitted quarterly unaudited reports to the lender.

Cause: The Authority overlooked such requirement.

Effect: The Authority is in noncompliance with special tests and provisions.

Recommendation: The Authority should implement monitoring controls so that all required reports are submitted.

Auditee Response and Corrective Action: The Port recently sent the required unaudited quarterly financial statements to USDA. The Port has placed this requirement on the report requirement listing to ensure that the reports are submitted to be in compliance.

PORT AUTHORITY OF GUAM
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

Schedule of Prior Audit Findings
Year Ended September 30, 2016

Findings relating to the financial statements, which are required to be reported in accordance with GAGAS:

No matters were reported.

Findings and questioned costs – Major Federal Award Programs Audit

No matters were reported.

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*

Eddie Baza Calvo
Governor of Guam
Ray Tenorio
Lieutenant Governor

February 9, 2017

TO: Board of Directors

VIA: General Manager
Deputy General Manager, Administration/Finance

FROM: glenn

SUBJECT: Market Rent Analysis & Marina Fee Revisit

Enclosed for your review and consideration is information related to two potential revenue enhancing initiatives undertaken by staff. They are as follows.

1. Market Rent Analysis for Open Yard, Office and Warehouse Space at the Port Authority of Guam

   a. This analysis is an outgrowth of Public Law 30-19 that requires a tri-annual assessment of the value of port properties. The last tri-annual valuation from 2012 was implemented in 2014. As was the case then, we find ourselves in a situation wherein it is again being found that our existing rent schedules per category are at levels above current market. As a result, the same law requiring the tri-annual assessment also states that if this is so the case then the impacted rates is to be increased by ten percent (10%). As to the latter, we will defer to the PUC as to whether or not to implement the plus up in the manner as called for in the law.

2. Marina User Fee Update

   a. This report takes an extensive look into the Port's existing marina fees and has concluded that a rate revision is necessary. Of significance is that a major component of the report calls for a uniform fee schedule across the marinas. This is actually something we have been chasing for quite some time considering the many capital improvements that have been completed at both facilities.

It is the intent of staff to seek Board to adopt the conclusions and recommendations contained within the aforementioned reports in the form of approving the attached corresponding resolutions. If so approved, it is further asked that the Board authorize Management to proceed with the processes incidental to the implementation of the revised rates beginning with the approval of the resolutions leading to the eventual timely filing of the appropriate rate petition(s) to the PUC.

December 14, 2016

Ms. Joanne Brown
General Manager
Port Authority of Guam
Jose D. Leon Guerrero Commercial Port
1026 Cabras Highway, Suite 201
Piti, Guam 96915

Dear Ms. Brown:

Subject: Updated Appraisal and Consulting Report Regarding Analysis of the Port Authority of Guam's Office, Warehouse, Open Yard and Telecommunication Spaces, Located at Piti, Island of Guam

In response to your request, we completed this Updated Appraisal and Consulting Report. The Port Authority of Guam ("PAG") owns the fee simple interest in various office, warehouse, open yard and telecommunication spaces located at the Jose D. Leon Guerrero Commercial Port of Guam ("Port") or ("Commercial Port") in the Municipality of Piti, Island of Guam. The Commercial Port provides the people of Guam with ocean commerce, shipping, recreational and commercial boating as well as sea vessel navigation. PAG provides a critical role with a reported 90 percent of the day-to-day goods and supplies consumed by Guam residents passing through the Port. The Commercial Port became operational in 1969 and a significant modernization program is underway.

PAG is currently undertaking a major Modernization Program which will ensure the operational viability of the port, which sustains all current military missions on Guam, while also responding to cargo handling demands associated with the on/off "military build-up". An agreement between PAG and the U.S. Department of Transportation's Maritime Administration (MARAD) allows for federal assistance in the Port's efforts to upgrade and modernize the facilities. The MARAD was designated as the lead federal agency assisting the port in securing funding sources to modernize its facilities and operations. The Master Plan calls for a wide range of upgrades.

In November 2012, Captain & Associates, Inc. completed appraisal and consulting work to estimate benchmark market rents for the subject office, warehouse, open yard, and telecom spaces. The Guam Public Utilities Commission (PUC) approved the required minimum 10 percent increase in 2014. Currently, PAG has retained our firm to determine if the existing PAG rents are at, above or below market rent levels. Our assignment was to analyze PAG's current fee structure for office, industrial, telecom and open yard rates and determine of these rates are at, above or below market. The reader of this report should also be familiar with our November 2012 report.

Captain Real Estate Building, 101 Chalan Santo Papa, Suite 200, Hagåtña, Guam 96910 | TEL (671) 472-1819 | FAX (671) 472-1820
Email: admin@captainrealestate.com

Our conclusions may or may not be implemented pursuant to Public Law 30-19 which requires the Port to conduct assessments of the rental value of Port real properties every three years. The law requires a minimum 10 percent increase, whether such an increase is justified by market forces or not. You represent PAG in these matters and require an appraisal report including a determination of threshold rent for the subject properties, for Public Law 30-19 related internal decision-making purposes. You further require consulting services regarding the application of these conclusions, particularly with respect to open yard rates.

Our assignment was to prepare an updated Appraisal and Consulting Report including our determination of the threshold rent levels for the subject properties. The function of this appraisal is to provide informed rent applicability conclusions, in addition to relevant supporting data, upon which Public Law 30-19 related, internal decisions may be based. The function of our consulting work is to provide the client with guidance in the application of these conclusions; particularly with respect to open yard rates. The intended users of our report include the client, its authorized representatives and any auditors or regulators that may be involved with oversight, including the PUC. This report is subject to the Assumptions and Limiting Conditions contained in a following section. The effective date of this appraisal is November 14, 2016, the date of inspection by the appraiser.

A summary of current rent levels effective October 1, 2014 and subject to an additional five percent security fee, is showing as follows.

Summary of Existing Rents Table

Type of Space	Current PAG Rent ($/sf/mo.)
Office	$1.79[1]
Warehouse	$0.84
Open Space	$0.51
Telecom	$500-$1,000 per month[2]

Based on our research and analyses completed, subject to the Assumptions and Limiting Conditions stated in this report, assuming typical lease terms, average conditions and benchmark space sizes, as of December 14, 2016, our threshold rent conclusions are summarized as follows.

EXISTING RENTS ARE ABOVE MARKET RENT EXCEPT FOR TELECOMMUNICATIONS RENT WHICH APPROXIMATES MARKET RENT

[1] Administration and Annex Buildings office rent subject to additional common area maintenance charge of $0.64/sf/mo.
[2] Rooftop only; additional charges apply for office space if required.

Existing PAG rents reflect our prior 2009 benchmark conclusions increased by 10 percent in 2011 and again in 2014. We previously advised the client that our benchmark conclusions assume lease terms that are typical in the marketplace and are subject to our assumptions and limiting conditions contained herein. Benchmark market rent conclusions may have somewhat limited direct application considering that additional factors may justify the negotiation of rent at levels higher or lower than the benchmarks. We further noted that the application of a benchmark market rent conclusion across a wide range of space types and sizes is not typical in the market place. It was advised that the client seek reasonable leeway with the negotiation of rents with tenants. We advised that our benchmark conclusions be considered in light of specific circumstances including the following.

Benchmark Application Factors

- Lease Term
- Tenant Improvements
- Type of Space Leased
- Size of Space Leased
- Type of Open Yard Area

As previously noted in our prior study, the typical prevailing lease term for a commercial tenant on Guam is two to four years. The length of lease term is typically negotiated and factors considered include lessee relocation expenses, time/distance relationships, business preferences and other factors. Longer lease terms may apply if a tenant invests substantially in build-out, installation of specialized fixed improvements (possibly including cold storage areas and other upgrades). It is unusual for commercial real estate landlords in the private sector to maintain tenancy on a month-to-month basis. This situation may arise if landlords seek a rental increase and tenants are unable to incur additional expenses under a fixed term scenario.

Tenant improvements may also be considered by a landlord negotiating the lease of vacant commercial and industrial space. Tenants may incur significant expense in improving leased premises with fixed improvements including office space, cold storage and other upgrades. Tenant improvements that are not fixed improvements or are of minimal desirability to alternate tenants may not justify a negotiated rental discount considering that the landlord benefits are minimized under this scenario. Tenant improvements that the landlord will eventually benefit from may be considered by landlords on a cost/amortization basis, which partially allows tenants to recover the cost of investment.

The type of space leased is another factor that should be considered by commercial and industrial property landlords. The current PAG practice of allocating warehouse space at one rent level and interior office space (within the warehouse) at another rent level is not typically reflected in the wider marketplace, particularly if the tenant is responsible for the cost of the improvements. If the industrial space leased benefits from additional improvements such as office, cold storage or other upgrades, the rent charged by the landlord may include a premium for these attributes (assuming such premium is justified in marketplace). Similar factors may impact market rent for commercial office spaces.

The size of space leased is an additional factor that is typically considered by commercial and industrial property landlords in the marketplace. Typically, the overall unit rate rent charged (most commonly $ per square foot per month) would decline for spaces that are larger than the typical size in the marketplace. Size adjustments can vary widely, and it would not be unusual to see very large space tenants paying unit rates that are less than half of that reflected by an unusually small sized space tenant.

The open yard area is a newly recognized factor that should be considered with respect to open yard area leases. It is not typical market practice to charge one set rate for short term leases of small open yard area within the PAG security fence perimeter, and the same rate for a regular term lease of a large open yard area outside the fence. This issue is exemplified by short term truck chassis and container swap areas, and delineation of oceanfront areas of use. Oceanfront land at Family beach should be expected to reflect a different rent than other PAG land and both should reflect a rent level that reflects the unique attributes each location.

Guam real estate market conditions have transitioned from one characterized by massive foreign investment, increasing prices and high liquidity (2005 through mid-2008) to one characterized by stabilized activity and a slow, steady outlook. Market participants are generally optimistic regarding the long-term due to positive tourism arrival trends and the pending multi-billion dollar military expansion. Tourism reflected record 1.5+ million arrivals in 2015 and 2016 (projected) and interest in Guam real estate from foreign investors remains strong. Local developers and lenders remain active and relatively bullish on the local market sector.

Major foreign investments on Guam rebounded in 2012 with several high priced (over $10 million) transactions closing since then. The Westin Resort Guam (432 rooms) sold to a Hyundai subsidiary in 2016 at $125 million or $289,352 per room). It is possible that some negative factors will impact the local real estate market in the near term although "unprecedented" military spending is expected to more than offset negative forces by 2020, unless Trump Administration and previously agreed upon bi-lateral plans are overhauled or delayed further. Port related market conditions on Guam remain stable due to monopolistic market a force which limits competition. Current

Guam real estate market conditions are considered stabilized with an outlook toward a slightly positive bias.

Details regarding our research and analyses are contained in the body of this report. An Executive Summary is contained in a following section. W. Nicholas Captain, MAI, CRE has completed numerous appraisals and consulting reports regarding market rent studies on Guam, including ports and other uniquely situated properties. He is competent to complete this report.

The undersigned hereby certifies that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct;
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- I have not completed any subject property appraisal or other services within the three year period immediately preceding acceptance of the assignment, as an appraiser or in any other capacity;
- my engagement in this assignment was not contingent upon developing or reporting predetermined results;
- my compensation for completing this assignment is not contingent upon development or reporting of predetermined values or directions in value that favors the cause of the client, the amount of the value opinions, the attainment of stipulated results, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
- this appraisal assignment was not based on required minimum valuations, specific valuations, or the approval of a loan;
- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice;
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;
- I have made a limited personal inspection of the subject of this report;
- as of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute; and, no one provided real property appraisal assistance to the person signing this report.

Thank you for the opportunity to complete this real estate appraisal assignment for you.

Sincerely,
CAPTAIN & ASSOCIATES

W. Nicholas Captain, MAI, CRE
President

Guam Certified Appraiser
License No. CA-015-050
Certificate Expires 03/16/17

WNC/mp

December 16, 2016

Ms. Joanne Brown
General Manager
Port Authority of Guam
Jose D. Leon Guerrero Commercial Port
1026 Cabras Highway, Suite 201
Piti, Guam 96915

Dear Ms. Brown:

Subject: Updated Consulting Report Regarding Analysis of Alternate Management Regimes for the Gregorio D. Perez and Agat Marinas, Island of Guam, United States of America

In response to your request, we completed this Updated Consulting Report regarding an Analysis of Alternate Management Regimes for the Gregorio D. Perez and Agat Marinas, Island of Guam. This update report involves a scope limited to updating our prior recommendations. Selected excerpts from our prior May 2011 report are contained herein. The reader of this report should be familiar with our May 2011 report.

Under Government of Guam ownership, the Port Authority of Guam ("PAG") controls the Gregorio D. Perez (GDP) and Agat Marinas. PAG's core business is to oversee the Guam Commercial Port, which provides the people of Guam with ocean commerce, shipping, recreational and commercial boating as well as sea vessel navigation. PAG provides a critical role with a reported 90 percent of the day-to-day goods and supplies consumed by Guam residents passing through the Port. Control of Guam's marinas was transferred to PAG in 1984, partially because of its expertise in managing harbors, ship docking and implementing harbor safety.

Guam's marinas provide a gateway to the island's vast oceanic resources. The marinas support Guam's boater population, which reportedly includes approximately 300 offshore subsistence, recreational and commercial fisherman and boaters. The marinas remain critical to Guam's visitor industry, with estimates of more than 250,000 visitors annually using the marinas for para-sailing, dolphin watching, fishing charters and other activities. For many years prior to 2012, Guam's marinas suffered from neglect and both marinas were in overall poor to fair condition. Most recently, significant marina-related improvements were completed and various major repair work projects remain on-going or are proposed.

Notably, approximately $5.1 million has been spent mainly on the GDP Marina since 2011 including sheet piles, new docks, pile extensions, pump outs and other upgrades. The overall condition of the GDP Marina has vastly improved since 2011. Additional master planned improvements, if completed, will transform the GDP Marina into another showcase public property in Hagatna. During 2015, three new docks were installed in Agat. The overall condition of the Agat Marina has vastly improved since 2014 with the new and repaired docks as well as recent opening of the renovated and expanded Marina Grill (former Jan Z's) restaurant and bar. However, Dock "B" is damaged and scheduled for removal.

Our prior May 2011 assignment was to prepare a Consulting Report including an analysis of alternate management regimes for Guam's marinas. The function of that consulting report was to provide informed market based analyses and conclusions, in addition to relevant supporting data, upon which internal, marina management-related decisions may be based. This update report involves a scope limited to updating our prior recommendations. The intended users of both reports include the client, its authorized representatives and any auditors or regulators that may be involved with oversight.

This updated report is subject to the Assumptions and Limiting Conditions contained in the Addenda. The effective date of this updated consulting assignment is December 15, 2016. Our prior analyses included a detailed study of the following management regime options.

Version	Alternate Management Regimes
1	Public Sector Operation (As-is)
2	Public Sector Operation (As-improved)
3	Privatization
4	Joint Public-Private Partnership

In our prior report, we advised that the Public Sector option reflects maintaining PAG or other government agency control. Our updated analyses indicate that PAG remains the best Government of Guam agency to control the marinas. PAG includes trained, experienced staff, internal systems and good relationships with critical local and federal government agencies whose support is critical to the long-term success of Guam's marinas. We previously completed Public Sector Operation analyses under as-is (no change) and as-improved scenarios. The Privatization model assumes a complete transfer to a private entity. The joint Public-Private Partnership option was previously analyzed considering both for-profit and community based not-for-profit partnership scenarios.

For each management structure previously analyzed, we reviewed the status of marketing, and indentified present and potential market sectors. We identified potential new services, amenities and facilities. We reviewed marina recommended operational policies and procedures as well as financial programs. Our financial program analysis included a detailed cash flow projection including public subsidy (operational loss on cash flow, exclusive of CAPEX) requirements and identification of alternate funding sources as previously detailed in our May 2011 report. Overall financial operations under any scenario require significant periodic capital expenditures, whether from storm damage repairs or from major repairs and replacement.

Based on our updated research and analyses completed, we recommend that the client pursue a combination of alternate management regimes including Public Sector As-Improved in the near term, with a mid-term review and possible transition to Public-Private Partnership. Although the Public-Private Partnership allows for a combination of public and private sector strengths, our updated analyses suggest that such a partnership should be explored only after internal management changes are implemented. A phased process will allow for a better understanding of operations that will support fair, transparent negotiations with a future private partner, if any.

Our previously recommended alternate management regime implementation strategy involved a multi-step process, as updated and further detailed herein, with the ultimate goal of entering into a Public-Private Partnership for management of Guam's marinas. Recent improvements to the marinas have reflected positively on PAG management, and marina users are now generally satisfied. If additional changes in management are implemented, and the Governor's office continues to support Guam's marinas, the Public Sector Operation as improved may reflect the best long term management. In this even ae Public Private Partnership may not be needed.

In order to prepare for a future analysis of the Public Private Partnership option, we recommend the following marina operational changes.

<u>Maintenance and Repair</u>

- Commitment to maintain & improve marinas
- Complete Agat Dock "B" replacement (consider 40 and 60 foot slip options based on user demand)
- Complete health and safety required repairs (Harbor of Refuge moorings, bathrooms, fueling in Agat, siltation issues, navigation, fire suppression and security)
- Review and improve operational layout of marinas including Loading Zones and parking management

Financial

- Modify accounting to include separate marina cost accounting
- Complete cost accounting and determine actual level of marina subsidy
- Include marina capital expenditure planning in CIP budgeting
- Waive GFD and GPD fair rent and utility costs (if necessary) in exchange for security presence
- Utilities and costs (determine if existing rates cover costs)

Management

- Recognize marinas as business unit
- Revise Commercial Manager Job Description to include separate line item for marinas
- Analyze Master Plan for GDP – commit to completion or ammend as necessary
- Plan to complete future phases of GDP Marina portion of the Paseo de Susana Master Plan.
- Expand Grant writing program for Guam marinas
- ID and secure additional grant funding (NOAA etc.)
- Request US DOI to designate PAG as recipient for majority (or all) of DJ Sport Fish grant for use in improving and maintaining Guam's marinas
- Fill Marina Manager position
- Allow Commercial Division flexibility to solve marina problems and complete repairs quickly
- Plan periodic user and community outreach/update meetings
- Coordinate with federal and local partners to obtain dredging approvals and seek funding
- Adopt best practices program
- Review and update compliance with 2008 Master Plan or propose amendments

Alternate Management Analyses Overview (May 2011 Study)

Considering the importance of focusing on its core mission and other factors, PAG previously studied the viability of alternate management regimes for Guam's marinas. In order to complete alternate management regime analyses for the client, we completed detailed research regarding marina management and alternate management regimes through the U.S. We completed interviews with existing management and marina users. We studied national marina market data, obtained specialized marina industry materials, and identified alternate management regimes. We completed SWOT (strengths, weaknesses, opportunities, and threats) analyses including a detailed evaluation of operations and management, including an identification of short and long term problems categorized as follows.

- Management Structure and Programs
- Operational Facility Costs and Fees
- Role and Opportunities of Marinas
- Repair Strategy

In addition to SWOT analyses, we previously completed cash flow projections under the alternate management regimes studied. The cash flow projections were somewhat preliminary in nature due to uncertain future income and expenses, but reflected the importance of long-term planning. Cash flow models excluded provisions for capital expenditures which were reviewed under the Repair Strategy section of our May 2011 report. Updated cash flow analyses were beyond the scope for this study. Further details regarding our analyses by component are included as follows.

Management Structure and Programs – We previously evaluated the following management structure and program alternatives.

Version	Alternate Management Regimes
1	Public Sector Operation (As-is)
2	Public Sector Operation (As-improved)
3	Privatization
4	Joint Public-Private Partnership

Operational Facility Costs and Fees – We previously completed an overview of existing accounting practices as well as available historic income and expenses. We reviewed and compiled possible budget and cost accounting systems including the identification of potential areas of cost savings. Since 2011 over $5.1 million has been spent to upgrade Guam's marinas. We completed a detailed review of fees and charges, as well as recommendations for revision in our October 2016 marina fee recommendations report. No changes in accounting practices have occurred since our prior report. The Client reports that operations reflect break even financials, but such analyses include limited expense allocations. We recommend marina fee adjustments in our October 2016 report.

Role and Operations of Marinas – Our prior analysis of alternate management regimes study included a detailed overview of the role and operations of marinas. We reviewed the nature of marina operations and the framework for analysis of this unique real estate asset. Our study included a general overview of the economic contribution of marinas. To the extent practicable, we reviewed the attitudes of marina users regarding the preservation of traditional and cultural uses of marine resources. We further reviewed marinas as a public and social resource as well as the regulatory and safety support role of marinas. Our overview of marinas included commenting on resource management and utilization. No significant changes have occurred in this sector since 2011. However, the marina repairs completed since 2012 have resulted in a significantly enhanced user experience, particularly with commercial tenant customers.

Repair Strategy – Our previously completed repair strategy study identified deficiencies in the condition of Guam's marinas including public health and safety issues and facility infrastructure repair. Our repairs strategy analysis included slips, docks, utilities, navigational issues and other components of Guam's marinas as well as preliminary estimated costs of repair. We completed a final update for Repair Strategy (PUC Order PAG 11-01) in October 2012. The $5.1± in upgrades completed since 2012 has significantly improved Guam's marinas. However, additional capital expenditures, such as Dock B in Agat, remain pending.

Version 1 – Public Sector Operation (As-Is)

Our prior analysis of the Public Sector operations management option included both as-is and as-improved components. As-is assumes that the management structure and programs currently in place would continue with nominal changes. Effectively, this represents the "No Action" option available to the client. The management structure and programs existing prior to 2012 resulted in the poor condition of the marinas (as well as the study of alternate management options). It was widely agreed among management, users and partners that improvements in these existing as-is operations were necessary. Our prior SWOT analysis detailed the significant problems with prior, as-is operations. Major marina improvements were completed between 2012 and 2016, but no other changes have occurred.

A summary of our updated SWOT analysis for the as-is Public Sector operation model, which reflects the significant improvements since 2012, is included on the following page. The advantages of as-is public sector operation include substantially improved facilities, a strong organizational flow, defined responsibilities, resource accessibility, leadership strength, and information dissemination. Existing as-is operations also benefit from user group input, user affordability, and grant writing resources. PAG has been successful in keeping the marina environment open to all users including free boat ramp access, free parking, free wash down area and upgraded amenities. PAG management now has recognized the importance of correcting health and safety issues and improving repairs and maintenance.

The disadvantages of as-is Public Sector operation include inadequate marina specific training, not marina user friendly, limited oversight and accountability, no goals and planning, possible safety and security risks, few marina programs, and limited marina amenities and services. Additional disadvantages include limited access to historic data, weak budgetary ability, no cost accounting solutions, limited financial transparency, no marina specific reporting standards, and no on-site management of marinas. As-is operations previously resulted in an embarrassing gateway connecting locals and tourists with Guam's vast oceanic resources. The recently completed improvements reflect a significant first step in a possible transformation of these assets into showcase properties. Opportunities remain, but these require a change in operations to accomplish. The primary threat of continuing as-is operations involves another decline in the condition of marinas along with a contraction in resource availability. Additional issues considered are detailed on the table.

Preliminary projected cash flows (exclusive of CAPEX) under the as-is Public Sector scenario were included in our prior study. The as-is operations ignore potential market sectors as well as potential new services, facilities and amenities. There was previously a general lack of satisfaction among users regarding as-is operations. Due to recent repairs, users are now generally satisfied with marina operations. Overall, the as-is Public Sector as-is operation framework was ranked as a less desirable option regarding alternate management regimes analyzed.

ANALYSIS OF ALTERNATE MANAGEMENT REGIMES - UPDATED DECEMBER 2016
Guam's Marinas
Existing Public Sector Management (As-Is) Option - SWOT Analysis

Strength(s)	Weaknesses	Opportunities (As-Improved)	Threats
Management Structure and Programs			
Organizational Flow	Inadequate Marina Specific Training	Improve Training	Lack of Marina Specific Training
Defined Responsibilities	Not Marina User Friendly	New Resource Options	Resource Contraction
Resource Accessibility	Limited Oversight and Accountability	Improve User Friendliness	Conflict with Users
Leadership Strength	Lack of Goals and Planning	Improve Oversight and Accountability	Decreased Oversight and Accountability
Information Dissemination	Safety and Security Risks	Goals Planning	Limited Planning
	Few Marina Programs	Safety and Security Solutions	Continued Safety and Security Threats
	Limited Marina Amenities and Services	Enhance Marina Programs	
		Enhance Marina Amenities and Services	
Operational Facility Costs and Fees			
User Group Input	Limited Access to Historic Data	Improve Budgetary Ability	No Reserves Funding
User Affordability	Weak Budgetary Ability	Improve Cost Accounting	Increasing Level of Subsidization
Grant Writing Resources	No Cost Accounting Solutions	Improve Transperency	Lost Potential Additional Revenue Flows
	Limited Financial Transparency	Improve Reporting Standards	Decreased User Affordability
	No Reporting Standards	Procurement Transition to PMC	
	No On Site Management of Marinas	Retain On Site Management of Marinas	
		Improve Grant Writing Resources	
Role and Opportunities of Marinas			
Opens Marina Environment	Improved Gateway Connecting Land and Sea	Showcase Gateway Connecting Land and Sea	Embarrassing to Visitors If Condition Declines
- Fishermen	Limited Amenities and Services Offered	Improve Amenities and Services Offered	Safety Concerns
- Boating enthusiasts	Limited Cultural Preservation and Development	Improved Cultural Preservation and Development	Public Loses Interest
- Tourists	Implementation of Master Plan	Implementation of Master Plan	
	Trophy Asset or Eyesore	Trophy Asset Potential	
	No Marketing	Marketing Opportunities	
	Weak Public Awareness	Improved Public Awareness	
Repair Strategy			
Health and Safety Recognition	Haphazardly Identified and Prioritized	Improve Cost Awareness	Professional Study Demands and Delays
Grant Writing and Partnerships	Periodic Funding	PMC Option	Dredging and Hazardous Material Issues
	Limited Cost Awareness	Improve User Input and Coordination	Disaster Preparedness/Prevention
	Bureaucratic delays	Improve Amenities (fuel, etc.)	
	User Input and Coordination		
	Planning and Reserves		

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Version 2 – Public Sector Operation (As-Improved)

As previously noted, the existing Public Sector management has benefits including vastly improved facilities since 2012, established relationships with other government entities, experienced staff and other advantages. This is critical considering the identified need to continue and expand the grant writing programs to solicit funding for additional required marina upgrades including possible dredging, GDP expansion, fuel pier and other possible projects. PAG relationships are considered critical to increasing federal grant funding for Guam marina upgrades. Therefore, we completed an as-improved analysis assuming continued Public Sector operations, but with the following improvements.

- Marina Management Support
- Improved Security
- Cost Accounting Established
- Marina Manager Hired
- Funding for Repairs Adequate
- Short Term Repairs Completed
- Long Term Repair and Improvement Plan

Our prior analysis under this as-improved Public Sector management scenario recognized that significant improvements under the PAG management team were possible. Indeed, over $5.1 million in improvements have been completed since 2012. The advantages of public sector as-improved operations include all of the as-is strengths, plus opportunities such as improved training, new resource options, improved user friendliness, improved oversight and accountability, goals and planning, safety and security solutions, enhanced marina programs, and enhanced marina amenities and services. Additional advantages include improved budgetary ability, improved cost accounting, improved transparency, improved reporting standards, procurement improvements, on-site management of marinas, and improved grant writing resources. However, one of these advantages can be realized without a shift in existing management of the marinas.

The disadvantages of public sector as-improved operations include the lack of marina specific training, management/administration turnover, potential resource contraction, limited oversight and accountability, and possible safety and security threats. Additional disadvantages include no reserves funding, and potential for lost additional revenue flows.

Projected cash flows under this scenario were included in our prior study. Identified profits under all cash flow scenarios could be utilized to establish a sinking fund for future major repairs. Considering the need for a percentage of PAG matched funding of grants, a marina sinking fund would potentially eliminate future grant losses.

The as-improved operations would likely recognize potential market sectors as well as potential new services, facilities and amenities because a competent Marina Manager would work to achieve these goals, with support of PAG. Overall, the public sector as-improved operation framework was considered as critical to the long-term needs of the client. Successful improved operations under PAG could support a fair, transparent transition to an alternate PPP management regime in the mid-term, if such future analyses suggest that PPP is the most desired option. It is unclear if such a transition to PPP operations will be desired in the future. PAG has already proved that it can monitor and improve Guam's marinas. As improved, the Public Sector Operation is concluded to reflect the best possible near term management regime for Guam's marinas. If recommended changes are implemented, it will be possible to complete a detailed PPP study, if such future analyses are desired by the client.

Version 3 – Privatization

The opposite of a Public Sector management regime involves privatization. Privatization can be defined as the transfer of responsibility for selected PAG marina management functions from PAG to a private party or entity by contract, lease, or other formal agreement. Delegation to the private sector allows the need for a service to be decoupled from the actual production. Privatization may allow a government agency to focus on its core objectives and it may offer an opportunity to inject expertise and/or capital from the private sector into a public project. Private entities are not subject to public agency limitations such as enabling legislation, mandates, or other regulations and are therefore frequently more innovative, flexible and/or efficient.

During the mid-2000s, there was a growing trend involving the conversion of public marinas to private ownership. The most common reasons cited for public marina conversion to private ownership, according to one study, included:

- Public officials looking for alternate ways to get better service at lower cost
- Public officials concerned that government money for boaters has largely disappeared
- Expensive to maintain and modernize facilities
- Government agencies tend to be weak on maintenance budgets
- Marinas not public service, but hospitality business that caters to and serves customers
- Conflicts between need for staff vs. government holidays (marinas are busiest during holidays)

As noted in our prior study, concerns regarding privatization of public assets in general include both ideological and practical issues. Ideological opposition is grounded in the conviction that the operation and management of public assets such as marinas is a core function of government. Practical concerns with privatization include a lack of relevant models from other jurisdictions, the loss of quality control and flexibility, and indirect transaction costs that may be overwhelming or unaccounted for. Further, a potentially successful privatization effort may be undermined by poor public sector management. Increasing the success rate of privatization, according to a Rockefeller Center at Dartmouth College study, includes precision, ease of measurement and evaluation, high level of competition among potential providers, distance from agency's core mission, variable demand for services, ease of hiring and firing, and private providers economies of scale benefits.

We continued to analyze alternate management regimes for Guam's marinas assuming a privatization model. Privatization would include a near total transfer of ownership and control to a private entity, which would operate the facilities in a manner designed to maximize profit. Privatization, for analysis purposes herein, is assumed in a manner that does not violate deed restrictions that would result in reversion to the federal government, and further would occur in conjunction with all local regulations and laws (as-is or revised as necessary).

A summary of our updated SWOT analysis for the privatization model is included on the following page. The advantages of privatization include organizational flow, defined responsibilities, adequate marina specific training, marina user friendly by design, defined goals with planning, safety and security prioritized, marina programs expanded, marina amenities and services expanded, and information dissemination requirements. The disadvantages of privatization include loss of government control, unknown CAPEX issues, limited competition, uniqueness of Guam's marinas, resource accessibility may suffer, leadership strength unknown, and pressure to increase fees. Additional details are included on the table and reflect various opportunities and threats associated with this model.

A cash flow projection for the privatization model was included in our prior report. The privatization model reflected that Guam's marinas have the potential to generate over $500,000 annually in profits, before CAPEX. Such profits could justify a loan of up to $10.0 million, which reflects the total approximate capital expenditure requirements. The Privatization model could be utilized to sell off the marina assets to private control. However, these privatization analyses assume significantly higher user fees.

Although cash flow projections are attractive under a privatization scenario, it is unlikely that a privatization program could be successful on Guam. The boating community is active and would not likely support a program that requires significant fee increases and a loss of control. Public access and reasonable fees would both be at risk under a privatization framework. There are no existing private marina operators with experience on Guam. A privatization effort would likely require revisions to the Master Plan and inclusion of the GFCA. Overall, the privatization framework was ranked as the least desirable option regarding alternate management regimes.

ANALYSIS OF ALTERNATE MANAGEMENT REGIMES - UPDATED DECEMBER 2016
Guam's Marinas
Privatization Option - SWOT Analysis

Strength	Weaknesses	Opportunities	Threats
Management Structure and Programs			
Organizational Flow	Limited Competition for Control	Showcase Guam's Marinas	Loss of PAG Input
Defined Responsibilities	Uniqueness of Guam's Marinas	Marina Specific Training Programs	Resource Accessibility Issues
Adequate Marina Specific Training	Resource Accessibility May Suffer	Improved Goals with Planning	Marina's Not Friendly to Select Users
Marina User Friendly by Design	Leadership Strength Unknown	Improved Marina Programs	Oversight and Accountability of Private Firm
Defined Goals with Planning	Pressure to Increase Fees	Improved Marina Amenities and Services	Assimilation of Leadership
Safety and Security Prioritized		Improved Information Dissemination	
Marina Programs Expanded			
Marina Amenities and Services Expanded			
Information Dissemination Requirement			
Operational Facility Costs and Fees			
Access to Historic Data (if required)	Cost Accounting Solutions Limited	Improved Access to Historic Data	Cost Accounting Solutions Unknown
Budgetary Ability	Reserves Funding Issues	Improved Budgetary Ability	User Group Input Unknown
Financial Transparency	Level of Subsidization in Future	Improved Financial Transparency	Reserves Funding Requirements Followed
Financial Reporting Standards	User Affordability Issues	Improved Financial Reporting Standards	Level of Subsidization
Procurement	Grant Writing Obsolete	Procurement (Privatized)	User Affordability
On Site Management of Marinas	Guaranteed Returns	Potential Additional Revenue Flows	Grant Writing and Funding Losses?
User Group Input			
Potential Additional Revenue Flows			
Role and Opportunities of Marinas			
Gateway Connecting Land and Sea Recognized	Implementation of Master Plan	Showcase Gateway Connecting Land and Sea	Marina Environment Accessibility
Amenities and Services Offered		Improved Amenities and Services Offered	- Fishermen
Opens marina environment		Cultural Preservation and Development	- Tourists
- Boating enthusiasts		Improved Marketing	Cultural Preservation and Development
Trophy Asset for New Owner		Improved User Friendly	Implementation of Master Plan
Marketing Maximized		Improved Reporting Standards	User Friendly - Long Term Issues
User Friendly Enhances Profits		Improved Personnel Dynamics	Reporting Standards Enforcement
Reporting Standards Established			Personnel Dynamics on Island
Repair Strategy			
Health and Safety Recognized	Adequately Funded?	Adequately Identified and Prioritized	Funding Levels Maintained
Adequately Identified and Prioritized	Professional Study Demands and Delays	Bureaucratic Delays Avoided	Professional Study Demands and Delays
Bureaucratic Delays Limited	Cost Awareness for Guam?	PMC Style of Procurement	User Input and Coordination Questions
Planning Required	User Input and Coordination	Planning Leads to Improvements	Dredging and Hazardous Material Issues
	Dredging and Hazardous Material Issues		Grant Writing and Partnerships Contribution
	Grant Writing and Partnerships Abandoned		Disaster Preparedness/Prevention

Note: Assumes privatization process would include documentation to insure adequate protection provisions and targets, reporting requirements

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Version 4 – Public-Private Partnership

A Public-Private Partnership through a Performance Management Contract ("PMC") is authorized for Guam marinas under the law as detailed in our prior report. Public-private partnerships may take on various forms and include either for-profit private partners or not-for-profit community-based partnerships. PAG may enter into a partnership with a private firm or community group. The partnership would be designed to capitalize on each party's strength.

Public-private partnerships are formed as equal or unequal partnerships. Ideally, the development of a unique partnership would improve all aspects of Guam's marina facilities and reduce the need for long-term subsidies by increasing efficiency of operations and providing users with the services they require, opening additional revenue streams. A successful partnership would eliminate the procurement issues that handicap existing management, and could insure that the shorelines are maintained and enhanced, while protecting public access and maintaining cultural preservation.

A public-private partnership would allow PAG to focus on its core mission. Under a hypothetical agreement, PAG would likely retain its position as the party responsible for capital expenditures and long-term planning including plans to complete the GDP Marina master plan. This allows the marinas to benefit from PAG's government relationships and grant writing abilities. Under this scenario, the private entity would assume responsibility for day to day management, accounting, application processing, general repairs and maintenance, personnel and reporting.

A successful public-private partnership would allow for the redeveloping of under-utilized, highly valuable land to generate economic activity and create a positive economic impact to the island by creating employment opportunities. Once federal and local funds are committed for major upgrades, the private partner could obtain access to bank loans that would enable new development projects to move forward. Such projects could include a waterfront restaurant, and other facilities.

The GFCA previously proposed, as part of its proposed Fishery Economic Development Plan, a Marina Authority to revitalize the Agat Marina and expand the GDP Marina under a public-private partnership, including community based oversight councils to manage the marinas. Although GFCA may ultimately be selected as the best private partner for PAG, it is important to implement the as improved recommendations and review private partner alternatives before reaching a conclusion. It will be difficult to complete such a study unless the recommended as improved changes in management are implemented.

Overall, successful public-private partnerships allow for increased efficiency from the public and private sector partners. The public entity is allowed to focus on its core mission and maintain its oversight over capital expenditures and long-term planning. The private entity would ideally bring marina management experience to the partnership in order to capitalize on existing staff training programs, financial reporting and maintenance oversight strengths.

For public private partnerships to succeed, various hurdles must be crossed. We are aware of successful public private partnerships for massive real estate redevelopment projects that included:

- Public Outreach
- Public Vote
- Private (not public) control of process
- Master Plan
- Attracting other Related Investors
- Luck
- Comprehensive Memorandum of Understanding

Public-private partnerships, in order to succeed, must separate politics from profits. The public and private entities must have a common agenda (win-win). It is essential to define the decision making process and authority. The partners must have common risk/reward priorities. Finally, the partners must carefully define the public benefit, and regularly report progress to the public.

The major challenge in this process involves identification of the private partner. For profit firms ultimately seek to maximize profits, potentially at the expense of PAG and marina users. Guam is unique and for-profit firms may not understand special local circumstances, inclusive of public access, traditional fishing rights and other issues not typically experienced by mainland marina operators.

While numerous community based groups participate in the use of Guam's marinas, the GFCA is especially well suited to partner with PAG in the management of Guam's marinas. Members of GFCA are experienced with marina operations and use of vessels, including needs, servicing, safety, repairs and other important factors. A partnership with GFCA, if both parties agreed, could capitalize on the strengths of both PAG and Guam's boating community experts. However, considering that previously recommended management changes were not implemented, it appears premature to move toward a partnership in the near term. It remains important to consider that there may be parties other than GFCA that can offer marina management services in partnership with PAG.

A summary of our updated SWOT analysis reflecting the community-based not-for-profit Public-Private partnership model is included on the following page. The advantages of a successful community-based Public-Private partnership operations include: PAG maintains core focus, partner is expert in marina operations, organizational flow, defined responsibilities, adequate marina specific training, resource accessibility, marina user friendly, oversight and accountability, defined goals with planning, safety and security prioritized, leadership strength, improved marina programs amenities and services, and information dissemination.

The disadvantages of community-based operations include: lack of competition for partner, difficult to define the relationship, PAG maintains significant on-going CAPEX cost responsibilities, defined responsibilities, oversight and accountability, and leadership strength. If PAG improves its current marina management operations, many of the disadvantages associated with this partnership can be eliminated. Based on our analyses, a phased approach into a Public-Private partnership reflects an important alternative management regime option for the client. However, certain management changes are necessary in order to complete an adequate PPP study.

The projected cash flow model under this alternate management regime was included in our prior report. Although many estimates are preliminary in nature, the model reflects potential profits of nearly $200,000 per year by Year 3, prior to CAPEX costs. Profits (split 50/50 under an equal partnership scenario) could be utilized to establish a sinking fund for major expenses.

Overall, the Public-Private Partnership framework was concluded as an important mid-term alternate management regime option for Guam's marinas. However, the client is advised to complete the recommended internal changes prior to completing more detailed analyses that would allow soliciting for a private partner. Pushing forward too quickly to change management, before PAG has the opportunity to improve, could negatively impact negotiations and possibly result in liability issues for the client. A phased approach ideally results in a fair, transparent change in management for Guam's marinas. However, it remains unclear if the PPP is the best option for Guam's marina management.

ANALYSIS OF ALTERNATE MANAGEMENT REGIMES - UPDATED DECEMBER 2016
Guam's Marinas
Joint Public-Private Partnership Option - SWOT Analysis

Strength	Weaknesses	Opportunities	Threats
Management Structure and Programs			
PAG Maintains Core Focus	Lack of Competition for Partner	Long Term Relationship	Inexperienced Partner Fails to Perform
Expert in Marina Ops Hired	Difficult to Define Relationship	Quality Management	Poor Personnel/Conflicts Local Users
Organizational Flow	PAG Maintains CapEx	Quality Maintenance	Fails to Understand Guam Uniqueness
Defined Responsibilities	Defined Responsibilities	Defined Responsibilities	Subsidy Allocation
Adequate Marina Specific Training	Oversight and Accountability	Adequate Marina Specific Training	CapEx Needs Related
Resource Accessibility	Leadership Strength	Resource Accessibility	Impact on Master Plan
Marina User Friendly		Marina User Friendly	Organizational Flow
Oversight and Accountability		Defined Goals with Planning	Oversight and Accountability
Defined Goals with Planning		Safety and Security Prioritized	Leadership Strength
Safety and Security Prioritized		Marina Programs	
Leadership Strength		Marina Amenities and Services	
Marina Programs		Information Dissemination	
Marina Amenities and Services			
Information Dissemination			
Operational Facility Costs and Fees			
Access to Historic Data	Complex Relationship Structure	Cost Accounting Solutions	Follow Up and Oversight
Budgetary Ability	User Group Input	Financial Transparency	Reserves Funding
Cost Accounting Solutions	Reserves Funding	Financial Reporting Standards	Level of Subsidization
Financial Transparency	Level of Subsidization	Procurement	User Affordability
Financial Reporting Standards		On Site Management of Marinas	Grant Writing
Procurement		Potential Additional Revenue Flows	
On Site Management of Marinas			
Potential Additional Revenue Flows			
Role and Opportunities of Marinas			
Amenities and Services Offered	Implementation of Master Plan	Gateway Connecting Land and Sea	Amenities and Services Offered
Trophy Asset or Eyesore		Opens Marina Environment	Implementation of Master Plan
Marketing		- Fishermen	Personnel Dynamics
User Friendly		- Boating enthusiasts	
Reporting Standards		- Tourists	
		Cultural Preservation and Development	
		Personnel Dynamics	
Repair Strategy			
Health and Safety Recognized	Professional Study Demands and Delays	Health and Safety Recognized	Professional Study Demands and Delays
Adequately Identified and Prioritized	Cost Awareness	Adequately Identified and Prioritized	Cost Awareness
Adequately Funded	Bureaucratic Delays	Adequately Funded	Bureaucratic Delays
User Input and Coordination	Dredging and Hazardous Material Issues	Improved Procurement Process	Dredging and Hazardous Material Issues
Planning	Grant Writing and Partnerships	User Input and Coordination	Grant Writing and Partnerships
Disaster Preparedness/Prevention		Disaster Preparedness/Prevention	

Doc. No. 34GL-17-0212.*

Conclusions and Recommended Implementation Study

Overall, we recommend that the client maintain existing operations, implement improvements to internal management, and prepare for a future analysis of the Public-Private Partnership option. The Public Sector As-Improved option, once completed, will allow for a well-supported analysis of the PPP options. The Public-Private Partnership model of management allows for a combination of strengths from both PAG and the private entity selected. However, it remains unclear if such a partner can be identified.

We developed a framework for the recommended alternate management regime implementation process. This framework includes risk mitigation considerations as well as near-term, mid-term and long-term recommendations. The client is advised to study and identify unknown factors that would impact possible future PPP matters including:

- Dredging Issues
- Future CAPEX
- Increased Fees Potential
- Framework for PPP
- Typhoon risk mitigation (GDP Marina piles?)

Our Alternate Management Regime Implementation Plan includes suggestions that the client incorporate into this process. This framework could be modified based on PAG priorities and commitment to change. Our framework summary is detailed as follows.

Near Term Recommendations

- Continue with commitment to maintain & improve marinas
- Fund health and safety required repairs
- Recognize marinas as business unit
- Modify accounting to include separate marina cost accounting (including allocations for hidden costs)
- Complete cost accounting and determine actual level of marina subsidy
- Revise Commercial Manager Job Description to include separate line item for marinas
- Analyze Master Plan for GDP – commit to completion or revise as necessary
- Plan to complete Phase II of GDP Marina portion of the Paseo de Susana Master Plan within specific time frame
- Expand Grant writing program for Guam marinas
- ID and secure additional grant funding
- Request US DOI to designate PAG as recipient for majority (or all) of DJ Sport Fish grant for use in improving and maintaining Guam's marinas
- Hire Marina Manager

- Allow Commercial Division flexibility to solve marina problems and complete repairs
- Monitor commercial (tourist) use of marinas and possibly implement user fee.
- Plan user and community outreach/update meetings if necessary
- Coordinate with federal and local partners to obtain dredging approvals and seek funding
- Charge GFD and GPD fair rent and utility costs if applicable
- Analyze utilities and costs for possible additional savings
- Maintain user confidence in PAG management and seek additional user input
- Adopt best practices program
- Review and improve operational layout of marinas including Loading Zones and parking management
- Review and update compliance with 2008 Master Plan

Mid-Term Recommendations

- Determine if PAG is interested in PPP. If yes,
- Study successful PPP marina models
- Identify specific goals of PPP
- ID Partner requirements
- Determine allocation of partnership (Equal?)
- Solicit input via RFI
- Detail PAG CAPEX Commitments
- Determine required insurance cost allocation/reimbursement
- Complete AAA process and revise fees including possible commercial user fee (and exemptions)
- Analyze potential loan guaranty commitment for partner to allow additional development, if desired
- Develop short list of potential partners
- Develop controls for oversight of partner
- Develop PPP RFP Materials
- Review and update compliance with 2008 Master Plan

Long-Term Recommendations (if PPP is pursued)

- Solicit interest from potential partners
- Negotiate agreement
- Transition operations
- Regular reporting and oversight
- Public and user outreach

- PAG manages CAPEX and long term development
- Partner manages operations
- Review and update compliance with 2008 Master Plan

Details regarding our research and analyses are contained in the body of this report. An Executive Summary is contained in a following section. W. Nicholas Captain, CRE has completed numerous consulting reports regarding port and/or harbor front properties on Guam and Hawaii and has further experience with wharfage fee structures in the Republic of Palau. He completed significant research into the subject operations as well as marina management options for purposes of this and our prior reports. He is competent to complete this updated consulting report.

The undersigned hereby certifies that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct;
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment; our engagement in this assignment was not contingent upon developing or reporting predetermined results;
- we have not provided prior consulting assistance to the client regarding the subject properties;
- our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined conclusion that favors the cause of the client, the attainment of stipulated results, or the occurrence of a subsequent event directly related to the intended use of this report;
- this report is subject to the Code of Professional Ethics of The Counselors of Real Estate;
- I made prior personal inspections of the subject properties;
- no one provided real property consulting assistance to the person signing this report.

Thank you for the opportunity to complete this marina management consulting assignment for you. We sincerely appreciate the support we received from your Commercial Division in completing this study. We appreciate your patience in the delivery of this report, which was delayed due to various circumstances that were beyond our control.

Sincerely,

CAPTAIN & ASSOCIATES



W. Nicholas Captain, CRE
President

WNC/mp

BOARD OF DIRECTORS
Oscar A. Calvo, Vice Chairman
Melanie R. Mendiola, Board Secretary
Maria D.R. Taitano, Member

PORT OF GUAM

Resolution No. 2017-01

RELATIVE TO THE ADOPTION OF THE UPDATED APPRAISAL AND CONSULTING REPORT REGARDING MARKET RENTAL ANALYSIS FOR THE PORT AUTHORITY OF GUAMS OFFICE, WAREHOUSE, OPEN YARD AND TELECOMMUNICATIONS SPACES

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

WHEREAS, Public Law 30-52 placed the Jose D. Leon Guerrero Commercial Port under the oversight of the Public Utilities Commission (PUC) for establishment or modifications of rates and other charges; and

WHEREAS, Public Law 30-19 empowers the Port Authority of Guam (PAG) Board of Directors with the authority to set lease rates; and

WHEREAS, on December 16, 2016, Captain & Associates ("C&A"), PAG consultant, provided an updated appraisal and consulting report on PAG's current fee structure to determine possible rate increases and/or decreases for use of office, warehouse, open yard and telecommunications space; and

WHEREAS, the appraisal and consulting report of PAG properties as prepared by C&A, found that the "existing rents are above market except for telecommunications which approximates market rent"; and

WHEREAS, PAG's existing rate schedule per square foot for the letting of port properties include office space at $1.79, warehouse space at $0.84 and open space at $0.51; and

WHEREAS, the current market rates per square foot as determined by C&A conclude that office space rate at $1.48, warehouse space at $0.74 and open space at $0.25 - $0.37; and

WHEREAS, based on the analysis, C&A advises that the current rates should remain unchanged or be lowered to market levels. However, Public Law 30-19 Section 4 relative to Setting Facility Lease and Use Rate, requires the Port Authority Board of Directors to set lease rates at a ten percent (10%) increase over the previously charged rate; and

WHEREAS, the Port Authority Board of Directors hereby adopts the findings contained in the Updates Appraisal and Consulting Report Regarding Market Rental Analysis and shall defer to the PUC on the matter of the application of the mandated 10% escalation; now therefore be it

RESOLVED, the Port Authority Board of Directors hereby authorizes management to proceed with the proper filing of the necessary petition to the PUC as it relates to the letting of port properties at $1.79 per square foot for office space, warehouse space at $0.84 per square foot and open space at $0.51 per square foot; and be it further

RESOLVED, the Chairman certifies and the Secretary attest to, the adoption hereof and that a copy of this resolution be sent to the Public Utilities Commission.

PASSED AND ADOPTED UNANIMOUSLY BY THE BOARD OF DIRECTORS THIS 13th DAY OF FEBRUARY, 2017.

OSCAR A. CALVO
VICE CHAIRMAN, BOARD OF DIRECTORS
PORT AUTHORITY OF GUAM

MELANIE R. MENDIOLA
SECRETARY, BOARD OF DIRECTORS
PORT AUTHORITY OF GUAM

Doc. No. 34GL-17-0212.*

BOARD OF DIRECTORS
Oscar A. Calvo, Vice Chairman
Melanie R. Mendiola, Board Secretary
Maria D.R. Taitano, Member

PORT OF GUAM

Resolution No. 2017-02

RELATIVE TO THE ADOPTION OF THE CONSULTING REPORT UPDATE REGARDING RECOMMENDATIONS INCLUDING MARINA USER FEES FOR THE GREGORIO D. PEREZ MARINA AND THE AGAT SMALL BOAT MARINA

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

WHEREAS, Public Law 30-52 placed the Jose D. Leon Guerrero Commercial Port under the oversight of the Public Utilities Commission (PUC) for establishment or modifications of rates and other charges; and

WHEREAS, the Port Authority of Guam (PAG) Board of Directors has control and jurisdiction over all areas designated as small boat basins or recreational boating facilities; and

WHEREAS, on October 31, 2016, Captain & Associates ("C&A"), PAG consultant, provided an updated appraisal and consulting report on PAG's current marina user fee schedule; and

WHEREAS, the appraisal and consulting report concluded that the mooring fees for vessels based on Guam, transient vessels as well as live aboard vessels should be revised; and

WHEREAS, the Port Authority Board of Directors hereby adopts the findings contained in the aforementioned Consulting Report Update relative same dated October 31, 2016; now therefore be it

RESOLVED, the Port Authority Board of Directors hereby authorizes management to proceed with the proper filing of the necessary petition to the PUC as it relates to timely implementation of the revised fee structures for vessel mooring activity at the impacted facilities; and be it further

RESOLVED, the Chairman certifies and the Secretary attest to, the adoption hereof and that a copy of this resolution be sent to the Public Utilities Commission.

PASSED AND ADOPTED UNANIMOUSLY BY THE BOARD OF DIRECTORS THIS 13th DAY OF FEBRUARY, 2017.

OSCAR A. CALVO
VICE CHAIRMAN, BOARD OF DIRECTORS
PORT AUTHORITY OF GUAM

MELANIE R. MENDIOLA
SECRETARY, BOARD OF DIRECTORS
PORT AUTHORITY OF GUAM

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Website: *www.portguam.com*

Eddie Baza Calvo
Governor of Guam
Ray Tenorio
Lieutenant Governor

February 9, 2017

MEMORANDUM

TO: Board of Directors

FROM: General Manager

SUBJECT: Agat Marina Demolition Dock B Project

On September 21, 2016, the Board of Directors had approved Fiscal Year 2017 Budget. Contained in the budget under the capital improvement projects, Agat Marina Demolition Dock B is listed as an 'unfunded' project in the amount of $100,000.00. The Port Authority has since been awarded federal grant funds of $99,311.00 from the U.S. Department of Interior Fish and Wildlife Service for purposes of this project.

In light of this, Board approval is being requested to authorize management to move forward with the Agat Marina Demolition Dock B project as funded by the U.S. Department of Interior Fish and Wildlife Service.

I am available should you have any questions.

JOANNE M.S. BROWN

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Eddie Baza Calvo
Governor of Guam
Ray Tenorio
Lieutenant Governor

February 10, 2017

MEMORANDUM

TO: Board of Directors

FROM: General Manager

SUBJECT: Budget Transfer Request – Planner IV Position

The Port Authority currently has an Electrician Supervisor position that is *unfunded* which falls under the Electrical/Refrigeration Section, Facility Maintenance division. The position has been vacant since August 2015 as a result of an employee retiring the Port Authority of Guam. Back in December 21, 2016, the Board had approved the conversion of a Refrigeration Mechanic II position that is to provide the necessary preventive maintenance and regular upkeep of 125 reefer slots and 110 air-con units throughout port facilities. After having assessed the manpower, functions and responsibilities required of this section, management has concluded that filling the Electrician Supervisor position at this time is essential and necessary to strengthen the lead in direction, provide reinforcement control and proper guidance of the employees within this section.

As such, Board approval is being requested to transfer funds from the Planner IV position in order to support and enable the recruitment of the Electrician Supervisor position.

It should be noted that the Planner IV position was recently vacated due to an employee retiring the Port Authority of Guam.

I am available for any questions you may have.

JOANNE M.S. BROWN

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Eddie Baza Calvo
Governor of Guam
Ray Tenorio
Lieutenant Governor

January 27, 2017

MEMORANDUM

TO: General Manager

VIA: Deputy General Manager, Administration & Finance

FROM: Acting Personnel Services Administrator

SUBJECT: Pay Grade Reassignment – Tariff Supervisor

On October 1, 2016, the new compensation pay schedule was implemented, and it was found that the pay grade for the Tariff Supervisor was underestimated due to the complexity of the tariff structure itself and it reflected the lower compensation initially awarded.

An assessment was conducted by Mr. Alan Searle and it was found that tariff structure is more complex than initially thought and after receiving further input the amended result is as follows:

Job Evaluation: 893

Range Minimum: $63,073.00 K-4-D
Range Maximum: $68,299.00 K-6-D

In light of the above, I am requesting your approval on this proposed compensation change and to be placed on the agenda for the next Board of Directors meeting for their approval.

CARMELITA C. NEDEDOG

[V] APPROVED [ ] DISAPPROVED

JOANNE M.S. BROWN, General Manager

attachments

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Eddie Baza Calvo
Governor of Guam
Ray Tenorio
Lieutenant Governor

February 10, 2017

MEMORANDUM

TO: Board of Directors

FROM: General Manager

SUBJECT: Invest Guam Symposium 2017 Symposium – Sponsorship

As you may know, the Guam Economic Development Authority (GEDA) is mandated to serve as the Central Financial Manager for government of Guam in accordance with 12 GCA, Section 50103(k). This role is facilitated through the Public Finance Department, which assists with, coordinates and monitors Financial Advisory Services, Capital Financing, Debt Management and the Capital Markets. A key activity of the department is to continue to build stronger bond investor relations which will generate great interest and provide more advantageous financings for government of Guam. GEDA will be hosting an Invest Guam Symposium scheduled for February 22-23, 2017. In support of this, GEDA is requesting for agency assistance to cover the cost of the symposium with a contribution of $1,000.00 from the Port Authority.

Based on this, management is requesting Board approval to support GEDA in the amount of $1,000.00 for purposes of the Invest Guam Symposium. Funding source is through the Marketing account.

I am available for any questions you may have.

for J. Payl
JOANNE M.S. BROWN

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Eddie Baza Calvo
Governor of Guam
Ray Tenorio
Lieutenant Governor

February 10, 2017

MEMORANDUM

TO: Board of Directors

FROM: General Manager

SUBJECT: Travel Authorization Request:
: CONEXPO-CON / AGG Education

Association of Equipment Management Professionals (AEMP) provides educational programs, one of which the Port expresses interest in is the CONEXPO-CON / AGG Education. This is a professional development program that focuses on financial management, risk management, safety, benchmarking, employee training, environmental best practices, human resource management, lifecycle cost analysis, negotiations, outsourcing, parts/inventory management, preventive maintenance, shop/facilities management, specifications, technology, warranty/performance guarantees and customer service. AEMP is the premier organization serving those who manage and maintain heavy fleets. AEMP also provides contacts, knowledge, career development and personal growth needed for and a fleet team to operate at peak performance and make lasting contributions to the organization's success.

As part of the Port's Maintenance Management Program, Board approval is being requested to allow for the travel of port participation as presented or as otherwise designated by the General Manager.

Purpose:	CONEXPO-CON/AGG Education Professional Development	
Travel Date:	March 7-11, 2017	
Place:	Las Vegas, Nevada	
Participant:	Joaquin P. Pangelinan, Manager Equipment Support Services	
	Julieto Sontillanosa, Crane Mechanic Leader	
	John J. Leon Guerrero, Heavy Equipment Mechanic Leader	
Travel Cost:	Airfare:	$4,760.30
	Per Diem:	$3,486.00
	Registration:	$5,982.00
		$14,228.30

I am available should you have any questions.

JOANNE M.S. BROWN

Certified Equipment Manager (CEM)

Share |

Certified Equipment Manager

The CEM designation is the premiere professional credential for managers of off-road heavy equipment fleets or managers of municipal government fleets. Equipment managers with five years or more of experience who meet the CEM prerequisites may apply by completing the CEM application.

Areas of Competency Tested
A certified equipment manager possesses mastery in the following areas:

Financial Management
Procurement & Acquisitions
Risk Management
Warranty & Performance Guarantees

Benchmarking
Life Cycle Cost Analysis
Specifications
Information Technology

Employee Training
Environmental
Human Resources
Safety

Outsourcing
Parts Management
Preventive Maintenance
Shop and Facility Management

Customer Service

Applicants for the CEM examination must meet the criteria outlined in the CEM application.

The CEM exam is available twice annually in conjunction with AEMP conferences and on-demand via computer-based testing at approved test centers.

Contact Sharon Anderson Young to discuss IGNITE and the CEM exam.

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Eddie Baza Calvo
Governor of Guam
Ray Tenorio
Lieutenant Governor

February 10, 2017

MEMORANDUM

TO: Board of Directors

FROM: General Manager

SUBJECT: Travel Authorization Request:
: Pacific Executive Leaders Program

The Port Authority of Guam was extended an exclusive invitation to attend the Center for Homeland Defense and Security's 2017 Pacific Executive Leaders Program scheduled for March 13-16, 2017. The objective of the program is to strengthen national security to meet the needs of leaders responsible for homeland defense and security in the Pacific region; provide an educational forum to enhance senior leaders' capacity to identify and resolve homeland security problems; and create nationwide homeland security networks and build relationships between senior leaders across agencies, disciplines, and levels of government. Discussions include strategy, policy and organizational design, covering topics such as intelligence, critical infrastructure, border/immigration, threat recognition, incident management, crisis and risk communications, fear management and emerging homeland security issues.

In light of this, Board approval is being requested to authorize travel for port participation as presented or as otherwise designated by the General Manager.

Purpose: Pacific Executive Leaders Program
Travel Date: March 13-16, 2017
Place: Honolulu, Hawaii
Participant: Felix R. Pangelinan, Deputy General Manager, Operations
Travel Cost: ***100% federally funded***

I am available should you have any questions.

JOANNE M.S. BROWN

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Eddie Baza Calvo
Governor of Guam
Ray Tenorio
Lieutenant Governor

February 9, 2017

MEMORANDUM

TO: Board of Directors

FROM: General Manager

SUBJECT: Travel Authorization Request:
: Lifesavers National Conference: Highway Safety Priorities

As part of the Project Agreement, Section 402 Grant between the Office of Highway Safety, Department of Public Works and the Port Authority of Guam, and with the collaborative efforts of local/federal law enforcement agencies, has joined forces to ensure the quality of life and safety of the island community on Guam's roadways. Having said this, a National Conference on Highway Safety Priorities will be holding a Lifesavers Conference on March 26-28, 2017.

The federal grant award is at $6,000.00 with the Port covering the difference of $348.00. The U.S. Department of Transportation's travel procedure calls for the sub-grantee to secure the travel cost for reimbursement. In light of this, Board approval is being requested to approve the difference of $348.00 and authorize the Port to secure the travel cost for reimbursement as well as allow for the travel of port participation as presented or as otherwise designated by the General Manager.

Purpose:	Lifesavers National Conference: Highway Safety Priorities	
Travel Date:	March 26-28, 2017	
Place:	Charlotte, North Carolina	
Participant:	Doris Aguero, Chief Port Police	
	Dora Perez, Planner IV	
	James Sandlin, Port Police II **(alternate)**	
	Theresa Reyes, Port Police II **(alternate)**	
Travel Cost:	Airfare:	$4,200.00
	Per Diem:	$1,448.00
	Registration:	$ 700.00
		$6,348.00

I am available should you have any questions.

JOANNE M.S. BROWN

Schedule

All conference activities are at the Charlotte Convention Center • Charlotte, NC • March 26-28, 2017

Tentative 2017 Schedule at a Glance and Exhibit Hours

NASCAR HALL OF FAME EVENT (http://www.nascarhall.com) – Free admission to the NASCAR Hall of Fame Museum on Monday evening included with your registration!

View the full workshop schedule reflecting date and time here:

WORKSHOP SCHEDULE

(http://lifesaversconference.org/wp-content/uploads/2015/10/WorkshopGrid.pdf)

Saturday, March 25

Preconference Meetings (pre-registration required)

11:00am – 6:00pm	Registration Open
12:00pm – 6:00pm	Exhibit and Poster Setup
5:30pm	Traffic Safety Scholars Orientation/Reception

Sunday, March 26

7:30am – 5:30pm	Registration Open
8:30am – 10:15am	Opening Plenary

10:30am – 12:00pm	1st Workshop Session
12:00pm – 6:00pm	Exhibit Hall Open
12:00pm – 1:30pm	Lunch in Exhibit Hall
1:30pm – 3:00pm	2nd Workshop Session
3:00pm – 3:30pm	Complimentary Refreshments and Networking in Exhibit Hall
3:45pm – 4:45pm	3rd Workshop Session (one-hour session)
5:00pm – 6:00pm	Welcome Reception and Poster Presentations
6:00pm – 8:00pm	Networking Groups *(rooms are available on a first-come, first-served basis for informal discussion groups. Email Lofgren@meetingsmgmt.com reserve a room.)*

Monday, March 27

7:30am – 5:00pm	Registration Open
8:00am – 4:30pm	Exhibit Hall Open (closed during Awards Luncheon)
8:00am – 8:45am	Continental Breakfast in Exhibit Hall
9:00am – 10:30am	4th Workshop Session
10:30am – 10:45am	Break
10:45am – 12:15pm	5th Workshop Session
12:30pm – 2:00pm	Public Service Awards Luncheon
2:15pm – 3:45pm	6th Workshop Session
3:45pm – 4:30pm	Complimentary Refreshments and Networking in Exhibit Hall
3:45pm – 4:15pm	Traffic Safety Scholars Debriefing Meeting
4:30pm	Exhibitor Move out
4:45pm – 6:30pm	NASCAR Hall of Fame Museum Event
6:30pm – 8:00pm	Networking Groups *(rooms are available on a first-*

come, first-served
basis for informal discussion groups. Email
Lofgren@meetingsmgmt.com reserve a room.)

Tuesday, March 28

8:30am – 1:00pm	Registration Open
9:00am – 10:30am	7th Workshop Session
10:30am – 10:45am	Break
10:45am – 12:15pm	8th Workshop Session
12:15pm – 1:30pm	Closing Plenary Luncheon

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Eddie Baza Calvo
Governor of Guam
Ray Tenorio
Lieutenant Governor

February 8, 2017

MEMORANDUM

TO: Board of Directors

FROM: General Manager

SUBJECT: Travel Authorization Request:
: ATOSSCOM Executive Committee Meeting

As you may be aware, the Port Authority of Guam serves as secretary to the Association of Terminal Operators, Stevedoring and Shipping Companies of Micronesia (ATOSSCOM). The association will be holding its Executive Committee Meeting on March 27-29, 2017 in Pohnpei, Federated States of Micronesia

It is therefore being requested that authorization be granted for the following port participant to attend or as otherwise designated by the General Manager.

Purpose:	ATOSSCOM Executive Committee Meeting	
Travel Date:	March 27-29, 2017	
Destination:	Pohnpei, Federated States of Micronesia	
Participants:	John Santos, Operations Manager	
Travel Cost:	Airfare:	$ 678.39
	Per Diem:	$1,005.00
		$1,683.39

I am available should you have any questions.

JOANNE M.S. BROWN

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Eddie Baza Calvo
Governor of Guam
Ray Tenorio
Lieutenant Governor

February 9, 2017

MEMORANDUM

TO: Board of Directors

FROM: General Manager

SUBJECT: Travel Authorization Request:
: AAPA Spring Conference

As you are aware, the Port Authority of Guam is a member of the American Association of Ports Authority (AAPA). AAPA will be holding its 2017 Spring Conference that will address policy/technical committee and delegation meeting; politics of trade, technology, port planning and development, Fixing America's Surface Transportation Act or "FAST Act", outlook of port industry with new administration, and U.S. government relations and federal policy.

In light of this, Board approval is hereby being requested for three (3) port representatives to attend consisting of executive management and Board of Directors.

Purpose:	2017 AAPA Spring Conference	
Travel Date:	April 4-6, 2017	
Place:	Washington, DC	
Participant(s):	Three (3) - Executive Management/Board of Directors	
Travel Cost:	Airfare:	$6,207.15
	Per Diem:	$5,830.50
	Registration:	$2,325.00
		$14,362.65

I am available should you have any questions.

JOANNE M.S. BROWN

AAPA American Association of Port Authorities

Alliance of the Ports of Canada, the Caribbean, Latin America and the United States

AAPA Spring Conference

April 4-6, 2017

Renaissance Washington DC Downtown Hotel

999 Ninth Street NW ◆ Washington, DC

Tuesday, April 4 – Western Hemisphere Ports Day

Policy/Technical Committee and Delegation Meetings	
8:00 a.m. – 5:00 p.m.	**Registration**
8:00 a.m. – 12:15 p.m.	**Committee Meetings as Called**
9:00 a.m. – 10:30 a.m.	**Port Directors Only Meeting**
10:45 a.m. – 12:15 p.m.	**Canadian Delegation Meeting**
10:45 a.m. – 12:15 p.m.	**Caribbean Delegation Meeting**
10:45 a.m. – 12:15 p.m.	**Latin American Delegation Meeting**
10:45 a.m. – 12:15 p.m.	**U.S. Legislative Policy Council Meeting** (U.S. corporate members only)
★ ★ SPRING CONFERENCE BUSINESS PROGRAM KICK OFF ★ ★ Seaports of the Hemisphere Allied in Relationships for Excellence (SHARE) sessions	
12:30 – 1:45 p.m.	**Luncheon Program with Keynote Address**
2:00 – 3:15 p.m.	**The Politics of Trade and Pressures on the Supply Chain** *The speakers will address rapidly changing trade policy and environmental, macro-economic and political pressures on the transport supply chain and infrastructure investment decisions. What can ports expect?* ***Speakers*** *Bill Lane, Former Caterpillar Director of Global Government Affairs and Chairman Emeritus of the US Global Leadership Coalition* *Andrew Penfold, Director Global Maritime, WSP|Parsons Brinckerhoff, London, UK*
3:15 – 3:30 p.m.	**Break**
3:30 – 4:45 p.m.	**Using Technology to Stake Out a Leadership Position** *How can ports utilize technology to position themselves as leaders? Technology can be an important tool in increasing port productivity, ensuring public accountability, tracking environmental progress and communicating with tenants and customers.* ***Speaker*** *Daniel Dagenais, Vice President, Operations, Montréal Port Authority*
5:00 – 6:00 p.m.	**AAPA 2016-2017 Board of Directors Meeting**
6:15 – 7:30 p.m.	**Reception**

Wednesday, April 5

8:30 a.m. – 5:00 p.m.	**Registration**
8:30 – 9:00 a.m.	**Continental Breakfast**
9:00 – 9:45 a.m.	**Presentation of AAPA 2017 Cruise Award and Keynote Address** ***Award Recipient and Speaker:*** *Adam M. Goldstein, President & COO, Royal Caribbean Cruises Ltd., Miami, FL*
9:45 – 10:45 a.m.	**Success Stories in Port Planning and Development – Part 1** *Setting a port's course to prepare for the future, while maintaining the necessary flexibility to adapt to continuous changes in the steamship and terminal operating industries, trade routes, vessel sizes and deployments, energy and commodity markets, to name just a few.* ***Speakers:*** *Amy S. Miller, Port Director, Port of Pensacola* *J. Christopher Lytle, Executive Director, Port of Oakland*
10:45 – 11:00 a.m.	**Break**
11:00 a.m. – Noon	**Success Stories in Port Planning and Development – Part 2** ***Speakers:*** *A. Paul Anderson, President & CEO, Port Tampa Bay* *Ing. Victor Julio Gonzalez-Riascos, Gerente General, Sociedad Portuaria Regional de Buenaventura S.A., COLOMBIA*
End of SHARE sessions	
U.S. Advocacy – U.S. Government Relations/Federal Policy Activities (open to all AAPA members)	
12:15 – 1:30 p.m.	**Luncheon Program and Keynote Address**
1:30 – 2:45 p.m.	**The Trump Administration & the 115th Congress — How Do Port Priorities Stack Up?** *With a new President, many new faces in town, and much discussion surrounding issues like infrastructure, U.S. competitiveness, and trade policy, what is the outlook for ports and port industry priorities?*
2:45 – 3:00 p.m.	**Break**
3:00 – 4:30 p.m.	**Implementing the FAST Act** *The FAST Act includes a National Multimodal Freight Policy as well as a National Highway Freight program. How is the FAST Act being implemented at the federal, state and MPO levels and what does that mean for ports?*

** Simultaneous translation of English to Spanish and of Spanish to English will be offered.*

Thursday, April 6

U.S. Advocacy – U.S. Government Relations/Federal Policy Activities

9:00 a.m. – 4:00 p.m.	**AAPA Government Relations staff will arrange a series of meetings with Members of Congress and Department/Agency staff.** *Attendance is open to all for U.S. corporate members, but space at individual meetings may be limited.*

** Simultaneous translation of English to Spanish and of Spanish to English will be offered.*

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Eddie Baza Calvo
Governor of Guam
Ray Tenorio
Lieutenant Governor

February 8, 2017

MEMORANDUM

TO: Board of Directors

FROM: General Manager

SUBEJCT: Travel Authorization Request:
: 2017 National Homeland Security Conference

The National Homeland Security Association will be hosting the Annual National Homeland Security Conference. The conference will focus on U.S. Department of Homeland Security grant related topics and its importance to enhancing emergency management and response capabilities for state and territories. Additionally, collaboration and sharing of best practices in the areas of preparedness training, grant management, intelligence and information sharing, port and transit security, emergency medical response, whole community preparedness, and public safety.

In light of this, Board approval is hereby being requested to authorize travel for port participants as presented or as otherwise designated by the General Manager.

Purpose:	2017 National Homeland Security Conference
Travel Date:	June 5-8, 2017
Place:	Buffalo, New York
Participant:	Joanne Brown, General Manager
	Alfred Duenas, DGM-Admin/Finance
	Christopher Roberto, Port Police
	Miami Elordi, Finance
	Joe Javellana, Planning
Travel Cost:	***100% federally funded***

I am available should you have any questions.

JOANNE M.S. BROWN

2017 National Homeland Security Conference
Preliminary Conference Agenda

The National Homeland Security Association is proud to announce the following agenda of the **National Homeland Security Conference**. This **Conference** continues to be the premiere comprehensive homeland security conference in the nation. This **Conference** brings together a variety of Homeland Security professionals by offering innovative and informative sessions covering topics in law enforcement, fire service, emergency management, counter-terrorism, grant management, and many others.

Time	Event
	MONDAY, JUNE 5, 2017
1300 – 1630	**Shelter-in-Place Tabletop Exercise by FEMA Region II** (pre-registration req.)
	TUESDAY, JUNE 6, 2017
0800 – 0900	**Opening Ceremonies**
0900 – 0945	**General Session – Dallas Police Ambush** (speakers invited)
0945 – 1030	**General Session – The Pulse Nightclub Shooting** (speakers invited)
1030 – 1045	Break
1045 – 1145	**Session 1** **Recent Events** – Ohio State University Attack – Lessons Learned **Training for Preparedness** – TBD **Grant Management** – DHS/FEMA Risk Methodology "Risk Informed Grant Allocations" **Emergency Medical Response and Public Health Issues** – TBD **Port and Transit Security** – TBD **Intelligence and Information Sharing** – TBD **Whole Community Preparedness** – TBD **Public Safety** – Operation Heat Shield **Counterterrorism – Protecting the Homeland** – The Global Terrorist Threat Landscape **Empowering Partners for the Shifting Threat Landscape** – TBD
1145 – 1200	Break
1200 – 1300	Lunch (Provided)
1300 – 1315	Break
1315 – 1415	**Session 2** **Recent Events** – TBD **Training for Preparedness** – TBD **Grant Management** – Audit Trends & Analysis **Emergency Medical Response and Public Health Issues** – TBD **Port and Transit Security** – TBD **Intelligence and Information Sharing** – TBD **Whole Community Preparedness** – Tough Media Messages: Engaging the Public and Motivating Terrorism and Disaster Preparedness **Public Safety** – EMS and Police Partnerships for Better Outcomes from Active Threat Incidents **Counterterrorism – Protecting the Homeland** – Active Shooter / Mass Casualty Events – What You Need to Know **Empowering Partners for the Shifting Threat Landscape** – TBD

BUFFALO, NEW YORK
JUNE 6-8, 2017
#NHSC2017

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2017 National Homeland Security Conference
Preliminary Conference Agenda

1415 – 1430	Break
1430 – 1530	**Session 3** **Recent Events** – TBD **Training for Preparedness** – TBD **Grant Management** – Operation Stonegarden Grant Program **Emergency Medical Response and Public Health Issues** – TBD **Port and Transit Security** – TBD **Intelligence and Information Sharing** – TBD **Whole Community Preparedness** – TBD **Public Safety** – Utilizing Unmanned Aircraft Systems in Emergency Management **Counterterrorism – Protecting the Homeland** – Homegrown Violent Extremism Mobilization Indicators for Public Safety Personnel **Empowering Partners for the Shifting Threat Landscape** – TBD
1530 – 1545	Break
1545 – 1645	**Session 4** **Recent Events** – The Chelsea Bombing – A Multi-Agency Response Effort **Training for Preparedness** – TBD **Grant Management** – TBD **Emergency Medical Response and Public Health Issues** – TBD **Port and Transit Security** – TBD **Intelligence and Information Sharing** – TBD **Whole Community Preparedness** – Community Inclusion of Persons with Access and Functional Needs; Better to be proactive **Public Safety** – FirstNet – Are You Ready?, Rollout and Delivery **Counterterrorism – Protecting the Homeland** – Countering Violent Extremism in the U.S. **Empowering Partners for the Shifting Threat Landscape** – TBD
1645 – 1700	Break
1700 – 1900	*Exhibitor Social*

WEDNESDAY, JUNE 7, 2017

0730 – 0800	*Exhibitor Coffee and Tea*
0800 – 0815	Master of Ceremony / Logistics
0815 – 0900	**General Session – Speaker TBD**
0900 – 0930	**General Session – DHS Deputy Asst. Secretary for Infrastructure Protection** (invited)
0945 – 1030	**General Session – Robert Dougherty, Counter-Terrorism Watch** (invited)
1030 – 1045	Break
1045 – 1200	Special Operations Demo
1200 – 1300	Lunch (Provided)
1300 – 1315	**Break**
1315 – 1415	**Session 5** **Recent Events** – TBD **Training for Preparedness** – TBD

	Grant Management – Environmental Planning and Historic Preservation - Approach to Success
	Emergency Medical Response and Public Health Issues – TBD
	Port and Transit Security – TBD
	Intelligence and Information Sharing – TBD
	Whole Community Preparedness – Local Planning Guidance for an Initial Response to an RDD Detonation
	Public Safety – Managing Cross-Border Events with Incident Management Software
	Counterterrorism – Protecting the Homeland – Counter Terrorism Workshops – Reoccurring Themes and Preparing for a Complex Coordinated Attack
	Empowering Partners for the Shifting Threat Landscape – TBD
1415 – 1430	**Break**
1430 – 1530	Urban Area POC Meeting / *Exhibitor Break*
1530 – 1545	**Break**
	Session 6 / Grants Town Hall with DHS
	Recent Events – Ride For Roswell: Applying Emergency Management Principles to Large Scale Event Management
	Training for Preparedness – TBD
	Grant Management – Grants Town Hall with DHS
	Emergency Medical Response and Public Health Issues – TBD
1545 – 1645	**Port and Transit Security** – TBD
	Intelligence and Information Sharing – TBD
	Whole Community Preparedness – TBD
	Public Safety – Reaching Beyond Borders, Innovations & Partnerships in Regional Training
	Counterterrorism – Protecting the Homeland – First Responders – The First Line of Defense in Counterterrorism
	Empowering Partners for the Shifting Threat Landscape – TBD
1645 – 1800	**Break**
1800 – 2100	Host Social at **Niagara Falls**
	THURSDAY, JUNE 8, 2017
0730 – 0800	*Exhibitor Coffee and Tea*
0800 – 0815	**Master of Ceremony / Logistics**
0815 – 0930	**General Session – DHS Speakers** (invited)
0930 – 1000	**General Session – TBD**
0845 – 1030	**General Session** – TBD
1030 – 1045	**Break**
	Session 7
	Recent Events – Challenging Complacency: An Urban Area's Response to the Worst Disaster
1045 – 1145	In 50 Years
	Training for Preparedness – TBD
	Grant Management – FEMA Technical Assistance Program

2017 National Homeland Security Conference
Preliminary Conference Agenda

	Emergency Medical Response and Public Health Issues – TBD **Port and Transit Security** – TBD **Intelligence and Information Sharing** – TBD **Whole Community Preparedness** – TBD **Public Safety** – Cyber, An Evolving Ecosystem: How The Cyber Realm Is Laying the Groundwork For Tomorrow's Smart Cities **Counterterrorism – Protecting the Homeland** – TBD **Empowering Partners for the Shifting Threat Landscape** – TBD
1145 – 1200	**Break**
1200 – 1300	Lunch (Provided)
1300 – 1315	**Break**
1315 – 1345	**Closing Ceremony**
1345 – 1400	**Break**
1345 – 1600	**Lessons Learned from Orlando's Pulse Nightclub Tragedy**

Attendees will choose from **10 tracks per session**, with a total of

70 unique peer-selected presentations

from across the **Homeland Security Enterprise.**

1. Recent Events
2. Training for Preparedness
3. Grant Management
4. Emergency Medical Response and Public Health Issues
5. Port and Transit Security
6. Intelligence and Information Sharing
7. Whole Community Preparedness
8. Public Safety
9. Counterterrorism – Protecting the Homeland
10. Empowering Partners for the Shifting Threat Landscape

Presentation Announcements Are Continuously Updated.

110/bs

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