

**BOARD OF DIRECTORS**

*Dorothy P. Harris, Chairperson  
Conchita S.N. Taitano, Vice Chairperson  
Fe R. Valencia-Ovalles, Board Secretary  
Mark B. Mendiola, Board Member*



**Resolution No. 2025-22**

**RELATIVE TO ESTABLISHING THE OFFICIAL POLICY OF THE PORT AUTHORITY OF GUAM FOR TENANT-FUNDED INFRASTRUCTURE IMPROVEMENT LEASE OFFSETS PURSUANT TO PUBLIC LAW 38-26, AND TO AUTHORIZE THE GENERAL MANAGER TO ADMINISTER APPROVED OFFSET PACKAGES IN ACCORDANCE WITH BOARD DIRECTION.**

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

**WHEREAS**, the Jose D. Leon Guerrero Commercial Port is a public corporation and autonomous instrumentality of the Government of Guam, as established under 12 GCA § 10101 et seq., and is charged, through the policy direction of its Board of Directors and the administration of its General Manager, with managing, operating, and developing the Port for the benefit of Guam's economy, commerce, and national security; and

**WHEREAS**, Public Law 38-26 authorizes the Port Authority of Guam to approve tenant-funded infrastructure improvements on Port-controlled property and to credit the verified cost of those improvements against the tenant's lease payments, provided that the improvements serve a public benefit, are consistent with Port priorities, and are subject to Board approval, cost verification, and compliance review; and

**WHEREAS**, the statute provides a framework for crediting the cost of such improvements against a lessee's rental obligations, so long as the investment aligns with Port priorities and is subject to Board oversight; and

**WHEREAS**, the General Manager recommends, and the Board affirms, that this authority must be exercised through a formal policy framework, with clear standards and safeguards to ensure transparency, fiscal discipline, and a consistent process for review and approval; and

**WHEREAS**, Governor Lou Leon Guerrero and Lt. Governor Josh Tenorio, together with the author of Public Law 38-26, Port Oversight Chair Senator Jesse A. Lujan, and cosponsors Senators Chris Duenas and Tony Ada, recognized through the enactment of this law that allowing dollar-for-dollar lease payment offsets for qualifying, documented improvements would promote private investment, deliver operational and community benefits, and enforce strict offset limits; and

**WHEREAS**, leaseholder-initiated improvements eligible for offset under this policy shall be limited to capital infrastructure that enhances Port utility, safety, access, or operational efficiency, and shall not include tenant-specific enhancements or routine maintenance. The offset is not a discount; all rental income is recognized, no expenses are recorded, and one hundred percent of verified improvement costs are capitalized, strengthening the Port's financial position and supporting its debt service coverage ratio; and

**WHEREAS**, every dollar offset must demonstrate a direct operational benefit to the Port or serve a clear public purpose, with no credit applied unless the improvement is completed, the cost is fully verified, and the offset is within the scope of a previously approved offset package authorized by the Board;

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of the Port Authority of Guam adopts this resolution as its official policy framework for administering tenant-funded lease offsets pursuant to Public Law 38-26; and



**BE IT FURTHER RESOLVED**, that any lease credit request under this policy shall require the following steps:

- Review of the proposed project by the Port's CIP/Engineering Manager for technical adequacy and alignment with Port infrastructure goals;
- Recommendation by the General Manager based on the project's operational value and consistency with Port priorities;
- Approval by the Board of Directors of the offset package, including the defined scope of work, estimated cost, and demonstrated public benefit;
- Submission of cost estimates, construction timelines, and supporting documentation by the tenant prior to project execution;
- Verification, upon project completion, of final costs and supporting records by the General Manager in coordination with the CIP/Engineering Division, before any offset is applied; and

**BE IT FURTHER RESOLVED**, that the General Manager is hereby authorized to:

- Execute Offset Agreements for tenant-funded infrastructure projects consistent with Board-approved packages;
- Monitor project progress and ensure compliance with applicable regulations and agreement terms;
- Coordinate the verification of project completion, cost documentation, and reasonableness;
- Apply lease payment offsets on a dollar-for-dollar basis, only after verification and within the limits of the Board-approved offset amount; and

**BE IT FURTHER RESOLVED**, that any material deviation in scope or verified costs that exceeds the Board-approved estimate shall be returned to the Board for further review and authorization; and

**BE IT FURTHER RESOLVED**, that the Port shall maintain internal controls over the lease credit process, including independent review by the CIP/Engineering and Finance Divisions, and retain all supporting documentation in the project file; and

**BE IT FURTHER RESOLVED**, that the General Manager shall submit an annual summary report to the Board detailing tenant participation, offset amounts, and project status for all approved lease offsets; and

**BE IT FURTHER RESOLVED**, that consistent with Public Law 38-26, any lease credit request under this policy shall require:

- A written proposal submitted by the tenant detailing the scope, estimated cost, and intended public or operational benefit of the proposed improvement;
- Review by the Port's CIP/Engineering Manager to confirm technical adequacy and eligibility under the law;
- A formal recommendation by the General Manager to the Board;
- Board approval of the offset package, including the defined scope of work, cost ceiling, and statement of public or Port benefit;
- Execution of the improvement by the tenant in accordance with the approved scope;
- Submission of all supporting documentation by the tenant, including cost breakdowns, permits, and completion certifications;
- Final verification by the Port's CIP/Engineering Division confirming project completion, reasonableness of cost, and compliance with approved terms;
- Application of the lease offset by the General Manager on a dollar-for-dollar basis, not to exceed the approved amount or the tenant's lease obligation;
- Recognition that all improvements become the property of the Port upon completion, with no ownership rights retained by the tenant; and

**BE IT FURTHER RESOLVED**, that this policy affirms the Legislature's intent that lease offsets are not lease discounts. All rental income remains fully recognized, no Port funds are expended, and the full value of tenant-funded improvements is capitalized to support Port financial reporting and debt service ratio calculations; and



**BE IT FURTHER RESOLVED**, that this policy shall take effect immediately and shall govern all past, present, and future leaseholder requests made under Public Law 38-26; and

**BE IT FURTHER RESOLVED**, that the Board of Directors of the Port Authority of Guam extends its formal appreciation to Governor Lou Leon Guerrero, Lt. Governor Joshua Tenorio, and the 38th Guam Legislature for their decisive leadership in enacting Public Law 38-26. The Board reaffirms the Port's full commitment to executing this law with transparency, fiscal discipline, and strategic purpose. This policy preserves the Port's statutory lease rate by funding a workable, win-win solution that protects the Port's commercial revenue base while accelerating critical infrastructure investments. The Port remains committed to fostering durable public-private partnerships that advance Guam's infrastructure, promote economic growth, and strengthen long-term resilience across the island and region; and

**BE IT FURTHER RESOLVED**, that the Chairperson certify to, and the Secretary attest to, the adoption hereof.

**PASSED AND ADOPTED UNANIMOUSLY BY THE BOARD OF  
DIRECTORS THIS 14<sup>th</sup> DAY OF JULY, 2025.**

**DOROTHY P. HARRIS**  
Chairperson, Board of Directors  
Port Authority of Guam

**FE R. VALENCIA-OVALLES**  
Secretary, Board of Directors  
Port Authority of Guam

