

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. 2025-23

RELATIVE TO AUTHORIZING AN INITIAL LEASE CREDIT, DOLLAR-FOR-DOLLAR OFFSET, UNDER BLACK CONSTRUCTION'S LEASE TIED TO THE GLASS BREAKWATER PROJECT, IN THE AMOUNT OF ONE MILLION DOLLARS (\$1,000,000) TO COVER ELIGIBLE PROJECT EXPENSES FOR AREAS INCLUDING H-WHARF, THE OLD HAWAIIAN ROCK SITE, THE EASEMENT LEADING TO FAMILY BEACH, AND THE PORT MARINAS, INCLUDING THE INSTALLATION OF SOLAR LIGHTING WHERE IMMEDIATELY REQUIRED.

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

WHEREAS, Black Construction Corporation (BCC), through its joint venture with Tutor Perini and Nan, Inc. (TPC-Nan JV), is executing the \$571 million Glass Breakwater emergency repairs in Apra Harbor under a NAVFAC Marianas contract awarded in support of national security and Port resilience; and

WHEREAS, the Port Authority of Guam entered into a lease agreement with BCC for use of the area now designated as the "Black Construction Site," which serves as a primary staging and construction area for the project; and

WHEREAS, the total lease value under this agreement is Ten Million Five Hundred Thousand Dollars (\$10,500,000) over a four-year period; and

WHEREAS, BCC has completed various infrastructure improvements at this site and in related areas, including stabilization of project zones at H-Wharf, access road work near Family Beach, drainage enhancements, solar lighting installations, and installation of on-site project offices, all of which provide direct operational benefit to the Port Authority of Guam; and

WHEREAS, Public Law 38-26 authorizes the Port to approve lease payment offsets tied to infrastructure improvements that deliver public benefit, align with Port priorities, and are subject to Board oversight, cost documentation, and compliance verification; and

WHEREAS, the Board adopted Resolution No. 2025-22 as its official policy framework for administering lease offsets under Public Law 38-26, including detailed requirements for scope, estimates, benefit justification, and final verification before any lease offset is applied; and

WHEREAS, the Port is currently tracking, for documentation purposes only at this time, a total lease credit offset of approximately \$6 million for qualifying infrastructure improvements associated with the Glass Breakwater project. These include work at H-Wharf, the Black Construction Site, the access road to Family Beach, and other Port-related improvements such as solar lighting at the Hagåt and Hagåtña Marinas, roadway improvements leading into Family Beach, and the construction of public restroom and shower facilities at Family Beach. This resolution authorizes only an initial lease credit offset as part of a phased review and reconciliation process to ensure transparency, accuracy, and public accountability. It must not be construed as full monetary satisfaction of infrastructure needs, which remain critical to both Port operations and the experience of those who visit Port facilities; and

WHEREAS, the General Manager has verified that Black Construction Corporation has submitted sufficient documentation and cost data that exceed the initial scope of improvements and recommends an initial lease credit of One Million Dollars (\$1,000,000) as a partial credit authorization in order to establish a formal offset under the policy adopted by the Board, provide a structured basis for further reconciliation, and ensure continued transparency and accountability moving forward;



NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Port Authority of Guam hereby authorizes an initial lease credit, dollar-for-dollar offset, in the amount of One Million Dollars (\$1,000,000) under the Black Construction Corporation lease, as set forth in this resolution relative to authorizing an initial lease credit for infrastructure improvements tied to the Glass Breakwater project. This credit is approved in accordance with Public Law 38-26 and the policy framework adopted under Resolution No. 2025-22. It applies only to the first phase of completed, verified, and documented improvements to cover eligible project expenses for areas including H-Wharf, the old Hawaiian Rock site, the easement leading to Family Beach, and the Port marinas, including the installation of solar lighting where immediately required; and

BE IT FURTHER RESOLVED, that the Port General Manager shall return to the Board for prior approval of any future lease credit requests as additional phases of infrastructure work are proposed. Each request must include a detailed scope of work, estimated costs, and a statement of public benefit, and shall be subject to technical review and compliance verification in accordance with Resolution No. 2025-22; and

BE IT FURTHER RESOLVED, that the Board acknowledges, with full understanding of the operational urgency and complexities involved, that while planning, design, architectural and engineering work, as well as initial ground activities, have already commenced, no lease credit has previously been applied. The General Manager is bringing this matter to the Board now to authorize an initial offset, rather than waiting for a final total, in order to establish a clear credit framework early in the project, ensure alignment with Resolution No. 2025-22, and provide confidence to the tenant that ongoing work is proceeding under a structured and Board-sanctioned process. This resolution does not constitute a retroactive offset, but reaffirms that all lease credits shall be governed by the prior approval, phased review, and full documentation requirements set forth in Resolution No. 2025-22 and Public Law 38-26; and

BE IT FURTHER RESOLVED, that this initial lease credit authorization shall be carried out in accordance with the phased review and documentation process set forth in Resolution No. 2025-22 and consistent with Public Law 38-26. The Board looks forward to continued updates from the General Manager as additional phases of infrastructure work are completed and reviewed for eligibility under the established policy; and

BE IT FURTHER RESOLVED, that the Board affirms this offset serves the statutory purpose of Public Law 38-26 by supporting timely, verifiable infrastructure improvements that enhance safety, security, and the overall visitor experience at the Port and Port-controlled properties, including Family Beach and the marinas. These improvements benefit both Port operations and the general public without compromising the Port's lease revenue base over the life of this lease. They also create future commercial revenue potential through occupiable office spaces and expanded revenue-generating activities made possible by these necessary upgrades; 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 14th DAY OF JULY, 2025.

Handwritten signature of Dorothy P. Harris in black ink.

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

Handwritten signature of Fe R. Valencia-Ovalles in black ink.

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

