

BOARD OF DIRECTORS

Dorothy P. Harris, Chairperson

Conchita S.N. Taitano, Vice Chairperson

Fe R. Valencia-Ovalles, Board Secretary

Mark B.C. Mendiola, Board Member



Resolution No. 2025-48

RELATIVE TO AUTHORIZING AN ADDITIONAL CAPITAL COST OFFSET UNDER BLACK CONSTRUCTION CORPORATION'S LEASE FOR THE CONSTRUCTION OF BATHROOM, SHOWER, ROAD, AND SOLAR LIGHTING FACILITIES AT THE PORT'S FAMILY BEACH, RELATED ACCESS IMPROVEMENTS ALONG ROUTE 11, AND SOLAR LIGHTING IMPROVEMENTS AT HAGÅT MARINA, IN THE TOTAL AMOUNT OF ONE MILLION FOUR HUNDRED SEVENTY-NINE THOUSAND SIX HUNDRED SIXTY-TWO DOLLARS (\$1,479,662.00), CONSTRUCTED IN SUPPORT OF THE GLASS BREAKWATER PROJECT, CONSISTENT WITH BOARD RESOLUTION NO. 2025-23 AND THE POLICY FRAMEWORK ADOPTED UNDER BOARD RESOLUTION NO. 2025-22.

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

WHEREAS, the Port Authority of Guam is a public corporation and autonomous instrumentality of the Government of Guam established under Title 12 Guam Code Annotated and is responsible for the ownership, operation, and stewardship of Port-controlled properties, including recreational and marina facilities made available for public use; and

WHEREAS, Black Construction Corporation, through its joint venture partners, is executing the federally funded Glass Breakwater Project awarded in support of harbor protection and Port resilience; and

WHEREAS, the Port Authority of Guam entered into a lease agreement with Black Construction Corporation for the use of Port property in support of staging, construction, and related activities necessary to execute the Glass Breakwater Project; and

WHEREAS, Board Resolution No. 2025-23 authorized an initial lease credit in the amount of one million dollars, applied on a dollar-for-dollar basis under Black Construction Corporation's lease, as a partial and initial recognition of qualifying infrastructure improvements associated with the Glass Breakwater Project; and

WHEREAS, Board Resolution No. 2025-23 expressly stated that the initial credit did not represent full reconciliation of qualifying infrastructure improvements and contemplated subsequent Board actions supported by documentation and verification; and

WHEREAS, the Board subsequently adopted Board Resolution No. 2025-22 establishing the Port Authority of Guam's official policy framework for tenant-funded infrastructure improvement lease offsets pursuant to Public Law 38-26; and

WHEREAS, in support of the Glass Breakwater Project, Black Construction Corporation constructed and funded permanent infrastructure improvements at the Port's Family Beach, along Route 11 leading to Family Beach, and at Hagåt Marina; and

WHEREAS, these improvements include new bathroom and shower facilities, road improvements, solar lighting installations at Family Beach and along Route 11, and solar lighting improvements at Hagåt Marina; and

WHEREAS, the Family Beach and Route 11 improvements constitute permanent infrastructure enhancements to Port-owned property that provide first-time permanent public use facilities and improved recreational access; and

WHEREAS, the total documented cost of the Family Beach and Route 11 improvements is one million four hundred nineteen thousand six hundred sixty-two dollars (\$1,419,662.00), and the cost of the solar lighting improvements at Hagåt Marina is not to exceed sixty thousand dollars (\$60,000.00), for a combined authorized amount of one million four hundred seventy-nine thousand six hundred sixty-two dollars (\$1,479,662.00); and

WHEREAS, management has reviewed the submitted documentation and determined that these improvements constitute tenant-funded infrastructure improvements eligible for lease offset consideration; and

WHEREAS, upon expiration or termination of the lease, all improvements covered by this resolution will remain with and become the property of the Port Authority of Guam without additional cost; and



WHEREAS, this resolution represents a comprehensive Board action applying the lease offset policy framework to documented infrastructure improvements that enhance public use, safety, and access on Port-controlled property;

NOW, THEREFORE, BE IT RESOLVED, that lease offsets authorized by the Board shall apply only to tenant-funded capital infrastructure improvements approved by the Board through a formal resolution identifying the specific project, defined scope of work, and authorized offset amount; and

BE IT FURTHER RESOLVED, that each lease offset shall be supported by documented and verifiable costs directly attributable to the approved improvements and shall be subject to technical review and final verification prior to application; and

BE IT FURTHER RESOLVED, that all lease offsets shall be applied on a dollar-for-dollar basis against lease obligations and shall not exceed the verified cost of approved improvements or the tenant's lease obligation; and

BE IT FURTHER RESOLVED, that lease offsets shall not constitute lease discounts, shall not involve the expenditure of Port funds, and shall not reduce recognized rental income, consistent with Public Law 38-26; and

BE IT FURTHER RESOLVED, that all tenant-funded improvements, including the one authorized herein, approved for lease offset shall become the property of the Port Authority of Guam upon completion and shall revert to the Port upon lease expiration or termination without additional cost or ownership rights retained by the tenant; and

BE IT FURTHER RESOLVED, that the General Manager, or designee, is authorized to administer Board-approved lease offsets, including coordinating technical review, verifying completion and costs, executing offset-related documentation, and applying offsets strictly within Board-approved limits; and


BE IT FURTHER RESOLVED, that any material deviation from the Board-approved scope of work or any verified cost exceeding the approved amount shall be returned to the Board for further review and authorization prior to recognition; and

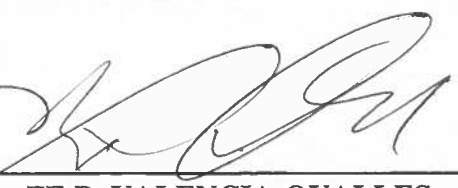
BE IT FURTHER RESOLVED, that the Port shall maintain internal controls over the lease offset process, including independent review by the CIP or Engineering and Finance Divisions, and retain all supporting documentation in the project file; and

BE IT FURTHER RESOLVED, that approval of a lease offset for a specific project shall not be construed as approval of future lease offsets, and any additional lease credit requests shall require separate Board approval in accordance with this policy framework.

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 23rd DAY OF JANUARY, 2026.**


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


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

