



**A.B. WON PAT**  
INTERNATIONAL AIRPORT AUTHORITY, GUAM  
ATURIDAT PUETTON BATKON AIREN GUAHAN ENTENASIONAT

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**MINUTES OF THE BOARD OF DIRECTORS REGULAR MEETING**  
**3:00 p.m., Thursday, May 30, 2013**  
**GIAA TERMINAL CONFERENCE ROOM #3**

**1. CALL TO ORDER AND ATTENDANCE**

Chairman Francisco G. Santos called the A.B. Won Pat International Airport Authority, Guam (GIAA) regular meeting to order at 3:10 p.m. The presence of Directors is noted as follows: Jesus Q. Torres, Vice Chairman, Rosalinda A. Tolan; Martin J. Gerber; Edward G. Untalan; and Pedro P. Ada III. Also present were Charles H. Ada II, Executive Manager, Peter Roy Martinez, Deputy Executive Manager, Carlos P. Bordallo, Acting Comptroller, Frank R. Santos, Business and Financial Consultant, and Michael A. Pangelinan Esq., Legal Counsel. The Chairman welcomed the presence of Airport Tenants, stakeholders, and members of the public who are noted in a sheet made as an attachment to the minutes.

**2. APPROVAL OF AGENDA**

Vice Chair Torres made motion to approve the agenda as presented, seconded by Director Tolan; motion carried.

**3. APPROVAL OF MINUTES**

**A. April 25, 2013 Board Regular Meeting**

Director Ada made motion to approve the minutes, subject to correction, seconded by Vice Chair Torres; motion carried.

Before moving on with Correspondence the Executive Manager introduced to the Board representatives from Supreme, Darril Dela Paz, General Manager and Karlo Terz, Director of Operations.

**4. CORRESPONDENCE**

The Executive Manager informed the Board that a letter was received from the Oversight Chairman, Senator San Nicolas relative to Public Law 32-031, which mandates that Boards and Commissions have an educational curriculum established for Board members within 90 days of the Public Law. The Manager stated that GIAA is in the



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process of developing such a curriculum which will be completed within the compliance time line set forth.

## **5. MATTERS FOR BOARD RATIFICATION/APPROVAL**

### **A. Ratification of Disbursements**

Director Ada made a motion to ratify payments above the \$50,000.00 threshold made to vendors for the period of April 24, 2013 – May 24, 2013, seconded by Director Gerber; motion carried.

## **6. OLD BUSINESS**

### **A. Executive Manager's Report**

The Executive Manager presented brief reports on various issues and announcements relating to Airline issues, to include Starflyer, a Kitakyushu Airport based air operator, operating thirteen (13) charter flights between Kitakyushu and Guam in August, 2013; first of which is scheduled for August 1, 2013 and will continue through August 26, 2013.

May 20, 2013 Management met with the Signatory Airline partners to discuss items such as, FY2013 budget, new operator of the fuel system, Tiyan Parkway and Central Avenue closure, various legislative issues, and the bond refunding and capital improvement projects.

Regarding Regulatory issues, U.S. Customs and Border Protection (USCBP) announced the implantation of the paperless I-94. USCBP has developed an electronic version of the Arrival/Departure Record and will be in effect on Guam and the Commonwealth of the Northern Mariana Islands on May 14, 2013. Some traveler's will still need to complete a paper CBP Form I-94, including those applying for admission under the Guam-CNMI Visa Waiver Program or those entering the United States under a paroled status without a valid U.S. visa. Congresswoman, Madeleine Bordallo announced that in the Fiscal 2014 Homeland Security Appropriations Bill, language on expanding the Guam-CNMI Visa Waiver Program was inserted instructing the Department of Homeland Security (DHS) to finalize deliberations on the expansion of the program on Guam.

Not currently on Guam, the TSA pre-screening program, TSA Precheck is in place for eligible United Airlines passengers. Customers who are eligible will begin to see the TSA Precheck indicator on mobile boarding passes or those they have printed at home or a kiosk at some airports. This will allow customers to route themselves effectively to available TSA Precheck lanes. The program is available at all eight (8) United's domestic hubs and a total of twenty-nine (29) airports.

The Executive Manager reported that the Fiscal Year 2014 Budget preparation is in progress; with Division heads working within timelines to meet budget deadlines and goals.

In regard to the Specialty Retail Concession, the Manager reported that after the GIAA Board of Directors approved Management's recommendation to award the contract to Lotte Duty Free Guam, LLC; the successful negotiation of the contract concluded, and on May 18, 2013 the contract was awarded as authorized by the Board. The new Agreement increases the Airport's specialty retail concession guaranteed rental revenues from \$4.5 million under the prior contract, to \$15.4 million in minimum annual guaranteed rent to be paid by Lotte. The Airport was also able to negotiate additional revenue of 1% of all non-Airport sales made by Lotte on Guam. Under the new Agreement, no less than \$23 million will be invested by Lotte in capital improvements towards enhancing the Airport's duty free shopping experience with a unique concept which includes substantial renovations to the Airport food court and restroom facilities at no additional cost to the Airport. A Press Conference for all media was held today, showcasing Lotte Duty Free Guam's winning concept "Gateway Guam".

Reporting on Personnel issues, the Executive Manager announced that through Public Law 29-94, authorization was granted to the Authority to establish pay scales for CTP positions. GIAA employed an independent study in 2008 to develop the pay scale for CTP positions. On November 23, 2010 the GIAA Board of Directors approved the migration to the 5<sup>th</sup> Market percentile, effective October 1<sup>st</sup> of that year. This is the first of a planned number of adjustments eventually achieving the 50<sup>th</sup> Market percentile or market average within the United States. Pursuant to GIAA CTP Rules and Regulations, internal equity should be reviewed annually and external competitiveness at least every three (3) years. A review conducted in 2011, assessing a series of benchmark positions with data being obtained from market research against the U.S. Airport Industry and the U.S. Bureau of Labor Statistics (BLS). Research indicated an average market movement of 8.7% for the U.S. Airport Industry over the period of 2008 – 2012. The total estimated cost to migrate to the 15<sup>th</sup> Market Percentile is \$602,640.00 with the total estimated cost to migrate to the 20<sup>th</sup> Market Percentile being \$830,000.00.

The Executive Manager informed the Board that Bill 69-32 was passed in the legislative session May 28, 2013; requiring legislative approval for lease agreements that span more than five years. Bill 125-32 was introduced in the legislative session May 23, 2013, appropriating \$500,000.00 to Department of Public Works to fund the acquisition property for the Tiyan Parkway Project.

The Manager reported that during the annual Airport Certification Inspection by the Federal Aviation Administration (FAA) on May 3, 2013, GIAA received excellent inspection results. Airport Certification Inspector, Juan S. Reyes of the FAA Airport

District office out of Honolulu commented on the great conditions at GIAA, and had only one recommendation to update the Airport's Wildlife Management Program.

Before ending the report, the Executive Manager introduced representatives from Citigroup, and the new General Manager of DFS Guam, June Guzman. Director Untalan at this time reminded the Board of the Bond Refinancing and commended the Executive Manager and staff for successful negotiations of the Specialty Retail Concession contract. He stated that with the new contract there will be a significant increase in annual revenue that the Airport will receive with the Concession itself, and that it's a very appropriate time as GIAA are going before rating agencies to show the improvements that are being made to the Airport.

At this time Director Ada thanked the Executive Manager for the recent tour of the facility. Director Ada stated that he had a number of requests for Management, including a report on the efforts being made to remove old debris on Airport property, and, what effort is being made to reduce the cost of power. The Executive Manager responded, informing Director Ada and the Board that GIAA has undertaken an eleven (11) million dollar energy performance project a little over a year ago which is expected to be completed this summer, and a two (2) million dollar energy savings per year is to be expected, which is quite significant. Chairman Santos stated that he has noticed a significant decrease in power cost in the past year.

Vice Chair Torres inquired on the \$830,000 to get to the 20<sup>th</sup> Market Percentile, and asked if GIAA has that amount available. Director Untalan replied that the item was going to be brought to the Board for consideration next Board meeting. Director Untalan informed the Board that \$830,000 is the maximum amount on an annual basis; the team has done an excellent job in controlling costs and revenues have increased. Chairman Santos inquired on when the Bond negotiations are going to start. The Executive Manager responded, informing the Board that a GIAA team is scheduled to be in San Francisco June 18 to 19 to engage Standard & Poor's. Chairman Santos made a recommendation for Director Untalan to join the team traveling to San Francisco. Chairman Santos called for any other comments. Mr. Frank Santos replied with a response regarding the 20<sup>th</sup> Percentile, stating that since a feasibility analysis is being done for the Bond, if the Board can authorize Management to utilize the higher amount for the compensation as part of our going forth planning in terms of what the debt service ratios would be and use the higher number, that way it could go down, but at least we planned for it; stating it's just a planning document. Director Tolan asked how high. Vice Chair Torres replied, to the 20<sup>th</sup> Percentile. Vice Chair Torres made motion to authorize Management to move to the 20<sup>th</sup> Market Percentile, seconded by Director Tolan; motion carried.

#### **B. Financial Report**

For the Board's information, Carlos P. Bordallo, Acting Comptroller presented the financial report as of April 30, 2013. In finishing his report, Mr. Bordallo replied to Vice Chair Torres's question asked earlier relative to the 20<sup>th</sup> percentile, stating yes that GIAA would be able to absorb the 20<sup>th</sup> Percentile, at \$830,000.

**C. Legal Counsel's Report**

Legal Counsel indicated that a report regarding pending and threatened litigation matters would be provided during Executive Session. The Board had no objection.

**D. Status of Capital Improvement Programs**

Mr. Frank Santos presented the UDO analysis and informed the Board that this is a continuation of the existing projects that we have and a summary showing ninety-seven (97) million dollars in federal funding, which GIAA has already spent seventy-six (76) million. Reporting on those projects that are pending or are in progress, Mr. Santos informed the Board that the Instrument Landing System (ILS) for Runway Left is essentially complete, but due to scheduling problems, FAA will not be able to bring their aircraft for a 'flight check' until August 2013, with the publication in December 2013. At which time that runway is available for arrivals, which also means that Central Avenue may have to close on those days. Mr. Santos reported on various other projects in progress and went on to say that next month is 'grant season' month, GIAA is expecting to receive seven hundred (700) million dollars from the FAA for work that will be announced at a later time once the Board of Directors approves the grants.

**7. NEW BUSINESS**

No New Business presented.

**8. EXECUTIVE SESSION**

The Chairman announced that upon the recommendation of legal counsel the Board will recess and convene Executive Session after the recess. Vice Chair Torres made motion to recess and convene Executive Session after the recess, seconded by Director Tolan; motion carried. The Board recessed at 3:42 p.m.

Chairman Santos called Executive Session to order at 3:52 p.m. *(At this time Chairman Santos and Director Tolan exit the conference room)*. Executive Session adjourned at 5:06 p.m., at which time the Board reconvened the regular meeting.

Director Untalan suggested before moving to Public Comments that he would like to make a motion relating to legal fees on the Specialty Retail Concession matter. As a result of the potential litigation and ongoing protest which require Legal Counsel to

devote an extraordinary amount of resources and personnel of its law firm and which is not economically feasible for legal counsel under its current contract rates and monthly fee cap, Director Untalan moved to adjust the hourly rates of Legal Counsel specifically for the matters relating to the Specialty Retail Concession to \$325.00 per hour for San Francisco-based litigation partners, \$225.00 per hour for all other attorneys, and \$75.00 per hour for legal assistants, and to remove the cap of \$45,000 per month for services rendered in matters relating to the Specialty Retail Concession. Director Untalan stated that the existing contractual hourly rates and cap of \$45,000 per month would still remain for all other matters; however this specific matter will require a lot more man power and expertise. Director Untalan made motion to adjust the compensation for Legal Counsel as indicated, and to lift the cap of \$45,000 per month. Chairman Santos handed the item over to Vice Chairman Torres to chair as the issue pertains to the Specialty Retail Concession in which Chairman Santos has abstained from participating. Director Ada seconded the motion made by Director Untalan; and clarified for the Board, stating that the \$45,000 cap and fee structure remains the same for any and all other matters, and that the new fee structure with no cap applies only to the Specialty Retail Concession matter. Director Untalan requested that the billings related to this issue be separated. Motion duly carried.

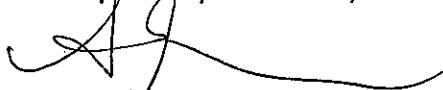
#### 9. PUBLIC COMMENTS

The Chairman called upon any public member wishing to make comments. There was no response.

#### 10. ADJOURNMENT

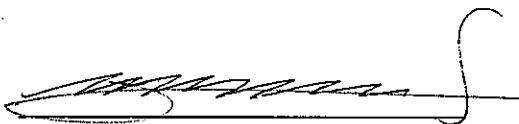
Vice Chair Torres made a motion to adjourn the meeting, seconded by Director Tolan; motion carried. The meeting adjourned at 5:10 p.m.

Respectfully submitted,



Amanda O'Brien-Rios  
Board Secretary

APPROVED:



FRANCISCO G. SANTOS  
Chairman of the Board

06/28/13  
Date

Attachment



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## **BOARD OF DIRECTORS REGULAR MEETING**

**3:00 p.m., Thursday, May 30, 2013**

**Terminal Conference Room No. 3**

### **AGENDA**

1. Call to Order and Attendance
2. Approval of Agenda
3. Approval of Minutes
  - A. April 25, 2013 Regular Meeting
4. Correspondence
5. Matters for Board Ratification/Approval
  - A. Ratification of Disbursements
6. Old Business
  - A. Executive Manager's Report
  - B. Financial Report
  - C. Legal Counsel's Report
  - D. Status of Capital Improvement Programs
7. New Business
8. Executive Session
9. Public Comment
10. Adjournment



AMERICAN ASSOCIATION  
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**NASAO**  
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A.B. WON PAT INTERNATIONAL AIRPORT AUTHORITY, GUAM

BOARD OF DIRECTORS REGULAR MEETING

3:00 P.M., THURSDAY, MAY 30, 2013

GIAA TERMINAL CONFERENCE ROOM #3

SIGN IN SHEET

<u>PRINT NAME</u>	<u>COMPANY/AGENCY</u>
1. Genard BACISTA	GIAA ATM
2. JERMAINE ALBERTA	SEN. SAN NICOLAS
3. VICTOR J. CRUZ	GIAA
4. JOSEPH H. CALU	GIAA
5. J.G. JAVELLANA	GIAA
6. <del>J. JAVELLANA</del> Joyce TANG	Quillo J TANG DFS.
7. Mike Panglun	CFS
8. Darrell Dula Paz	Supreme
9. Karlo Terrz	Supreme
10. Phil TORRES	TTT
11. CHARLES H. ADAR	GIAA
12. Jelen Amile	GIAA
13. Joann Amale	DFS
14.	
15.	
16.	
17.	
18.	
19.	



# Defense Department confirms deaths as Guam mourns

Two other Guam Guardsmen had minor injuries in same attack

By Frank Whitman  
frank@mvguam.com  
Variety News Staff

WITH Guam in a state of mourning since Saturday evening, the Department of Defense today confirmed the deaths of Guam Army National Guardsmen Sgt. Eugene M. Aguon, 23, of Mangilao, and Spc. Dwayne W. Flores, 22, of Sinajaña.

The Guam National Guard also issued a statement expressing its sadness over the loss and said two other Guam Guardsmen had received minor injuries in the same attack and had returned to their unit. They were Sgt. 1st Class Peter J. Crisostomo and Spc. John F. Chagualaf. All four soldiers belong to Echo Company, 1-294th Infantry Regiment.

As previously reported, the DOD announcement said Aguon and Flores died May 16 in Kabul, Afghanistan of wounds suffered when enemy forces attacked their convoy with a vehicle-borne improvised explosive device. They were assigned to the 1st Battalion,

294th Infantry Regiment, 29th Infantry Brigade Combat Team. The unit is supporting Operation Enduring Freedom.

Mass is being celebrated for Flores at 6 p.m. Monday through Friday in the Chapel of St. Theresa in the Dulce Nombre de Maria Cathedral-Basilica in Hagåtña. The 6 p.m. Mass on Saturday and the Sunday Mass at 7 p.m. will be in the main church. Rosary is being said nightly at 8 p.m. for Aguon at the family residence in Mangilao.

No specific information is yet available on when the remains of Aguon and Flores will return to Guam, said a National Guard spokesman.

## Confirm

Maj. Gen. Benny M. Paulino, the adjutant general of the Guam National Guard, said, "We can now confirm that there was an incident involving two soldiers from the 1st Battalion, 294th Infantry Regiment in Afghanistan, assigned as Task Force Guam, working as part of the NATO Training Mission-



Eugene Aguon



Dwayne Flores

Afghanistan, International Security Assistance Force, which supports the government of Afghanistan in developing and sustaining the Afghan National Security Forces."

DOD does not release the names of casualties until it confirms that family members have been notified.

"We are deeply saddened by the loss of our warriors," Paulino said. "They are members of our Guam Guard family, so it is a deep and heart-rending loss for all of us. Although both were very young, based on what I have heard from others who knew them personally, they were also very involved in their communities and in their parish. They will most certainly

be missed, but I know their memories will be treasured by many for a long time.

"Rest assured that I have already committed all the resources necessary to take care of the immediate needs of the families of our fallen and injured soldiers, as they go through this difficult time. And we are assisting in the process to bring them back home to us as soon as possible," Paulino added.

## Best support

Lt. Col. Michael Tougher, commander of the 1-294th Infantry Regiment, said, "Our thoughts and prayers are with the family and friends of our fallen Guam brothers. Our primary focus at this time is to provide the best possible support to the families and colleagues of Sgt. Aguon and Spc. Flores. They were serving in support of the NATO mission helping to ensure Afghanistan's security and stability in Afghanistan for generations to come. Their sacrifices will never be forgotten."

Sen. Frank Aguon Jr., chairman of the 32nd Guam Legislature's Committee on Guam-U.S. Military Relocation, Homeland Security, Veterans Affairs, and Judiciary, and a major in the Guam Air National Guard who has been deployed to Afghanistan, said, "Thoughts, prayers and condolences go out to the families of Guam's newest champions of freedom; Guam's heroes, Sgt. Dwayne Flores and Spc. Eugene 'Mikey' Aguon. Our island mourns their loss. To the families: Thank you for their courage and selfless service to keep our island and our nation safe — their unselfish act will always be remembered. As a community, we must be mindful of the approximately 600 Army Guard members who continue to serve our nation and our island in the War on Terror in Afghanistan, and extend our prayers for their safe return home."

The battalion of almost 600 soldiers became Task Force Guam when they took over the mission in Afghanistan almost a month ago. The unit expects to complete their mission and return to Guam sometime early next year.

**The Honorable  
EDDIE B. CALVO  
Governor**

**The Honorable  
RAY TENORIO  
Lt. Governor**

A.B. WON PAT  
INTERNATIONAL AIRPORT AUTHORITY, GUAM

## PUBLIC NOTICE

The Board of Directors of the A.B. Won Pat International Airport Authority, Guam (GIAA) will hold a Regular Board Meeting on Thursday, May 30, 2013 at 3:00 p.m. in GIAA Terminal Conference Room No. 3. In addition to regular matters, pursuant to 5 G.C.A. §8111(c)(2), Executive Session will be held to discuss pending litigation to which GIAA is a party. Parking is available in the Public Parking Lot.

For special accommodations, please call the Board Office at 642-4717/18.  
(This ad paid for by GIAA)

## Court denies tour company's motion for summary judgment on diving suit

By Mar-Vic Cagurangan  
For Variety

THE District Court of Guam has denied a local tour company's motion for summary judgment seeking the dismissal of a Japanese couple's \$10 million civil suit over a 2009 diving accident.

In Monday's decision, Chief Judge Frances Tydingco-Gatewood dismissed U.S. Explore & Study's motion against the lawsuit filed by Koichi Ogawa and his wife.

The lawsuit, filed in March 2011, alleged that the tour guide's negligence during a hiking tour in Nimitz Hill had caused the accident that rendered Koichi Ogawa quadriplegic.

"[T]here is a genuine issue of material fact as to causation, and summary judgment would be inappropriate," the court said.

"A fact is material if it might affect the outcome of the suit under the governing substantive law, and a factual dispute is 'genuine' where the evidence is such that a reasonable jury could return a verdict for the [plaintiffs]," the court added.

In a motion for summary judgment filed last year, U.S.

Explore acknowledged, "The accident was indeed tragic."

However, U.S. Explore argued it "had no legal duty to warn or protect Koichi Ogawa against the risks that were open and obvious."

Recounting details of the hiking tour, the Ogawas blamed the chief tour guide — Ken Haga — for his alleged failure to warn tour participants about the danger of diving head first into the pond.

The hiking tour on March 22, 2009 coursed from Nimitz Hill, back down to the Fonte reservoir and then along the riverbed that led to the accident site.

## Legal briefs

According to Explore's legal briefs, Ogawa chose "to dive head first into the pond" even after assessing and recognizing the danger of diving in such a manner into the shallow water basin.

U.S. Explore said, "As a matter of law, it was his (Koichi Ogawa's) own fault."

Pointing out that the "primary assumption of risk doctrine" applies on Guam, the court agreed that U.S. Explore "had no duty to eliminate or protect Dr. Ogawa against risks inher-

ent in diving, including the risk of hitting one's head on the bottom of the body of water into which one is diving."

However, the court added, U.S. Explore "did have the duty to not unreasonably increase the risk of Dr. Ogawa hitting his head on the bottom of the waterfall basin while diving."

U.S. Explore cited previous rulings on similar cases in which the courts issued summary judgments in favor of the defendants.

Tydingco-Gatewood, however, said the rulings invoked by U.S. Explore were not applicable to the case at bar, as they involved plaintiffs who were intoxicated at the time of the accidents.

"The dispute is genuine because a reasonable tier of fact could determine that the distinctions between Dr. Ogawa's conduct and those of the plaintiffs in Butler and Johnson are sufficient to find Dr. Ogawa's actions did not break the causal chain," the court said.

"Dr. Ogawa had not consumed multiple alcoholic beverages prior to diving, which occurred during the day, and he inquired about the depth of the water prior to diving in," it added.

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**INVITATION FOR BID**  
**GDOE IFB: 011-2013**  
**INDEFINITE QUANTITY BID FOR**  
**Classroom & Cafeteria Furniture**  
**SUBMISSION DATE & TIME:**  
**Wednesday, June 12, 2013 at 2:00 p.m.**  
**INTERESTED BIDDERS MAY DOWNLOAD THE IFB PACKAGE AT:**  
<http://www.gdoe.net/procurement>  
 IFB packages are only available at the GDOE website.  
 A non-refundable fee of \$10.00 (cash only) is required upon bid submission.  
 This Advertisement is 100% Locally Funded  
 /s/ MARCUS Y. PDO  
 Supply Management Administrator  
 For: JON J. FERNANDEZ  
 SUPERINTENDENT OF EDUCATION

# Feds investigating PAG overtime

By Joy White  
joy@mvguam.com  
Variety News Staff

AN INVESTIGATOR from the U.S. Department of Labor's wage and hour division met with Port Authority of Guam management early this month to look into unpaid overtime.

The investigator, Nicholas Bertino, had informed PAG management that his office received a complaint about a delay in payment for employee overtime.

During her report to the port's board of directors at a recent meeting, PAG General Manager Joanne Brown said she, along with the PAG deputy general manager for administration and finance, the deputy general manager for operations, the general accounting supervisor, and the head of human

resources, met with the investigator on May 10.

Brown reported to the PAG board that she asked the general accounting supervisor which divisions were behind in providing overtime requests. It was discovered the Port Police and Stevedore Division had been late in submitting the paperwork to process overtime payments to meet the payroll deadline.

Bertino told the team overtime must be paid to employees in accordance with the pay period in which the overtime earned, no matter the amount owed.

This is a warning notice, he told the team, reminding them the port had faced a similar case in the 1990s and future violations could involve civil penalties and liquidated damages.

Brown reported that Bertino

has requested PAG management to submit a compliance action plan to his office by May 31.

According to the March 2013 staffing patterns, PAG employs more than 300 personnel.

Currently there is no labor union for PAG employees. However, in November 2011, a collective bargaining agreement had been signed by the PAG board and the Guam Federation of Teachers.

As of April, GFT had been awaiting a final signature from the governor.

According to the Fair Labor Standards Act, unless exempt, employees covered by the law must receive overtime pay for hours worked over 40 in a workweek at a rate not less than time and one-half their regular rates of pay.



Variety file photo

Dr. Joel Joseph, owner of Wise Owl Animal Hospital, contends that the Guam Board of Allied Health Examiners is biased against him and did not afford him due process in rejecting his application for the renewal of his license.

## Testimony: No building permit for Wise Owl

By Frank Whilman  
frank@mvguam.com  
Variety News Staff

CARL Dominguez, director of the Department of Public Works, testified on Friday that the Wise Owl Animal Hospital does not have a building permit or an occupancy permit from the department. Dominguez was a witness in the proceedings concerning the Guam Board of Allied Health Examiners' decision not to renew the veterinary license of Dr. Joel Joseph, owner of Wise Owl Animal Hospital.

He also testified that he was unable to find such permits for other veterinary clinics.

Joseph had previously testified that he had been told by a DPW employee that a Public Works business license clearance was an occupancy permit. Dominguez was followed on the witness stand by Joseph Guevara, DPW building permit administrator, who said that if an employee had told Joseph the clearance was an occupancy permit, that "would be wrong."

The issue is one of several being discussed in the hearing before Superior Court Judge Vernon Perez. Earlier, Mamie Balajadia, a clinical psychologist and chairwoman of GBAHE, finished her testimony, during which she responded to assertions by Joseph that her doctorate in education did not qualify her to practice psychology. She said that at the time she attended Western Michigan University, the discipline of

psychology — which she studied — was under the university's school of education. "My transcripts will show that my training is in psychology," she testified.

Balajadia also said she had discontinued a public forum section of GBAHE meetings because Joseph had been "disruptive" to the meetings. She said the date for the GBAHE December meeting was changed because a quorum of the members was not able to attend earlier in the month.

Joseph contends that the board is biased against him and did not afford him due process in rejecting his application for the renewal of his license. He said he was not notified about alleged deficiencies in his license application nor given a chance to respond to other issues leading to the board's decision.

Dr. Lisa Silk, owner of Isla Veterinary Clinic, also testified during Friday's session. She and Joseph have both acknowledged a longstanding dispute between them. She testified that Joseph's allegations — that she had not properly neutered two dogs — were inaccurate and lab test results that had been shown as evidence did not show that the dogs in question had not been neutered. "To me, this is just more slander," she said.

Among the reasons cited for not renewing Joseph's license are his questioning of the competence and qualifications of Silk and Balajadia.

The hearing will resume tomorrow afternoon.

## Sentencing in child porn case delayed

By Gina Tabonares-Reilly  
gina@mvguam.com  
Variety News Staff

THE June 14 sentencing hearing for Romeo Gonzalo has to be moved to August because of the defense counsel's unavailability.

Gonzalo, 42, was indicted last year with receipt of child pornography and forfeiture allegation.

His arrest was the result of an investigation conducted by Special Agent Brandon Kane on December 2010.

According to court records, Kane observed that a computer with a particular Internet Protocol Address possessed and was actively downloading child pornography.

Kane connected to the computer and viewed the list of files within the accused's shared folder. The agent compared the

files with the Internet Crimes Against Children database and the comparison revealed that eight of the files observed on the computer contained child pornography and were downloaded in September 2010.

Kane downloaded one movie file from the computer and observed images of a prepubescent female child depicted in sexually explicit scenes.

Upon further investigation, Kane was able to trace the computer to 274 Maholo Drive, Fern Terrace, Dedado.

Law enforcement officers subsequently obtained a warrant and seized a Toshiba Satellite laptop belonging to defendant Gonzalo.

A subsequent forensic examination of Gonzalo's computer revealed 65 movies containing child pornography had been

downloaded into the computer's hard drive.

The movies containing child pornography involved children under the age of 12. There were at least 600 images recovered in the defendant's computer.

On July 8, 2011, Gonzalo admitted the computer was his and that he used the laptop to connect to his neighbor's wireless Internet service. He downloaded the movies between Sept. 10, 2010 and July 8, 2011.

Gonzalo is facing up to 10 years' imprisonment, a fine of \$250,000, and — because he is not a U.S. citizen — will be subjected to immigration removal proceedings.

Upon his sentencing, he is required to register in the state sex offender registry.

He entered a plea agreement on Feb. 1.

## Hospital ICU to be complete by yearend

By Joy White  
joy@mvguam.com  
Variety News Staff

IN A recent meeting with the Guam Memorial Hospital Authority board of trustees, GMHA Administrator Joseph Verga informed the trustees that the expansion and construction of the hospital's new emergency room and intensive care/critical care unit is about 65 percent complete.

The groundbreaking for the project was held Sept. 7, 2012.

According to Verga, there were some minor construction difficulties but contractors are expected to complete the ICU/CCU in late August.

After beds and equipment have been procured, the facilities are expected to be open by October or November with the emergency department to be opened shortly thereafter.

The emergency room and the

ICU/CCU will be expanded to three times their current size. The enlarged facilities will alleviate overcrowding and ensure a safer and better environment for both staff and patients.

The project will cost about \$7.5 million to complete.


In addition, the hospital is hoping to open up the physicians' parking area no later than the beginning of August. The parking area was closed during the duration of the facilities' construction. Opening the physicians' parking will make an additional 36 parking spots available for visitors and patients to the hospital.

The new emergency department will expand from its existing 5,400 square feet to approximately 15,000 sq. ft.


It will have two state-of-the-art trauma rooms; two multipurpose isolation and decontamination rooms; 12 state-of-the-art

monitored examination stations; two non-monitored examination stations; one multipurpose exam room; one multipurpose suture/cast room; one satellite laboratory room; a large, external permanent decontamination system; and upgraded waiting, triage, registration, utility, storage, office and lounge rooms and areas.


The ICU/CCU will expand from its existing 2,539 sq. ft. to 7,870 sq. ft., going from an eight-bed unit to a 14-bed unit (to include two isolation rooms). The ICU/CCU will also have the space required to support clean and soiled utility rooms, a multipurpose conference room, a family waiting room, nourishment and medication rooms, medical director and charge nurse rooms, MD/IRN lounge, and medical supplies and equipment storage rooms.



**The Honorable  
EDDIE B. CALVO  
Governor**



**The Honorable  
RAY TENORIO  
Lt. Governor**



**A.B. WON PAT**  
INTERNATIONAL AIRPORT AUTHORITY

PUBLIC NOTICE

The Board of Directors of the A.B. Won Pat International Airport Authority, Guam (GIAA) will hold a Regular Board Meeting on Thursday, May 30, 2013 at 3:00 p.m. in GIAA Terminal Conference Room No. 3. In addition to regular matters, pursuant to 5 G.C.A. §811(c)(2), Executive Session will be held to discuss pending litigation to which GIAA is a party. Parking is available in the Public Parking Lot.

For special accommodations, please call the Board Office at 642-4717/18.  
(This ad paid for by GIAA)

## **MINUTES OF THE BOARD OF DIRECTORS REGULAR MEETING**

**3:00 p.m., Thursday, April 25, 2013**

**GIAA TERMINAL CONFERENCE ROOM #3**

### **1. CALL TO ORDER AND ATTENDANCE**

Chairman Francisco G. Santos called the A.B. Won Pat International Airport Authority, Guam (GIAA) regular meeting to order at 3:08 p.m. The presence of Directors is noted as follows: Jesus Q. Torres, Vice Chairman, Rosalinda A. Tolan; Edward G. Untalan; Pedro P. Ada III, and Lucy M. Alcorn. Also present were Charles H. Ada II, Executive Manager, Carlos P. Bordallo, Acting Comptroller, Frank R. Santos, Business and Financial Consultant, Janalynn C. Damian Esq., and Michael A. Pangelinan Esq., Legal Counsel. The Chairman welcomed the presence of Airport Tenants, stakeholders, and members of the public who are noted in a sheet made as an attachment to the minutes.

At this time Chairman Santos acknowledged the presence of Director Ada. The Chairman welcomed the Director informing the Board that he was sworn-in at the Governor's Office this morning. Director Ada thanked the Chairman and stated that he looks forward to being an asset to the GIAA Board of Directors and that he appreciated the support shown to him by GIAA at the Legislative Hearing and the Swearing-In Ceremony this morning. The Board members welcomed the new Director.

### **2. APPROVAL OF AGENDA**

Vice Chair Torres made motion to approve the agenda as presented, seconded by Director Alcorn; motion carried.

### **3. APPROVAL OF MINUTES**

- A. March 28, 2013 Board Regular Meeting
- B. April 12, 2013 Board Special Meeting

Vice Chair Torres made motion to approve the minutes of both meetings, subject to correction, seconded by Director Alcorn; motion carried.

### **4. CORRESPONDENCE**

The Executive Manager informed the Board that several correspondence were received relative to the Specialty Retail Concession that was recently awarded, and suggested that it be moved to Executive Session.

## **5. MATTERS FOR BOARD RATIFICATION/APPROVAL**

### **A. Approval of Award for Custodial Services IFB No. GIAA-001-FY13**

An Invitation For Bid was announced to solicit bids from professional firms to provide custodial services at the Guam International Air Terminal, inclusive of all labor, materials, supplies and equipment. The term of the contract is for a period of three (3) years with options for renewal, not to exceed a total term of five (5) years. Of the twenty-one (21) firms that received bid packages, seven (7) firms submitted bids before the submission deadline. In reviewing the bid prices submitted, the potential amount of the bid award for all of the Terminal Levels totaled \$875,557.68. The Manager stated that additional custodial services were added to include: Administration third floor offices and balcony, Air Terminal Services offices, Properties and Facilities break room, Terminal Conference Rooms 1, 2, and 3, Ramp Control Center office, and Terminal Center. The Executive Manager requested that the Board authorize the contract award for the four (4) bid items as follows:

<b>ITEM &amp; DESCRIPTION</b>	<b>AWARD TO</b>
<b>Item 1: Basement Level</b>	MTO Maintanance
<b>Item 2: Apron Level</b>	Guam Cleaning Masters
<b>Item 3: Concourse Level</b>	Guam Cleaning Masters
<b>Item 4: Other Facilities</b>	JJ Global

It has been determined that all three firms have met the standards of responsibility and responsiveness outlined in Guam Procurement Regulations. Director Tolan inquired on Item 4, and what area JJ Global will be servicing. The Executive Manager answered, informing the Board that Item 4 consists of the additional custodial services that were added, to include Administration Offices third floor and balcony. Director Ada asked that if the contract is awarded to the lowest bidder, how Management upholds the standard. Executive Manager responded, stating that there are provisions within the contract allowing Management to monitor their work and even withhold payment if the standards outlined in the scope of work are not met. Vice Chair Torres made motion to approve Managements recommendation, seconded by Director Ada; motion carried.

### **B. 2013 Bond Legislation**

The Executive Manager informed the Board the Bond Legislation consists of three (3) components and handed over the presentation to Mr. Frank Santos, Business and Financial Consultant. Mr. Santos informed the Board members that the handouts given

out include the proposed legislation in draft form and presentation material regarding an overview and background of the 2003 Bonds.

The first of the three (3) components is the refunding of the 2003 Bonds. The 2003 Bonds were issued to refund the 1993 GIAA Bonds which financed the construction of the new Airport. The estimated amount outstanding is \$145,415,000. Refunding it precludes GIAA from paying the Bond Insurer, MBIA. In October of this year, GIAA will be required to pay approximately \$795,000 to MBIA if the 2003 Bonds are outstanding, including \$25,000 annual Surveillance Fee. Mr. Santos stated that GIAA is looking at a lower interest rate and avoiding charges that do not make sense at this point. The current Bonds are approximately 5.95%. As of today, GIAA is looking at a potential rate of 3.5%, which justifies the refunding of the Bonds. Mr. Santos informed the Board that the Legislation in itself is calling for a maximum interest rate of 6.5%. Once GIAA requests for a lower rate than the one stated by law, GIAA cannot pursue the refinancing, the maximum rate of 6.5% would be capped but likely wouldn't be lowered to make the refunding feasible.

Mr. Santos stated that the second component is to refinance the subordinate loan, the Energy Management Program taken out last year of 11.9 million. The loan would have been paid over five (5) years with the bulk of the principal interest paid in the last four (4) years, committing to 3.2% per year. To extend the loan out over a ten (10) year term would mean a lower annual payment.

The third component is New Money. Mr. Santos informed the Board that the master plan identified nine (9) projects estimating \$77,300,000. Mr. Santos handed out a three (3) year draft list of projects which showed a \$41,960,000 in Bond proceeds. Based on the savings from the refunding, if GIAA were to take 10% of the GIAA Debt Service of eighteen (18) million, 10% savings is 1.8 million. That 1.8 million can translate into 45-65 million dollars worth of projects, without increasing the current Debt Services. Therefore, the new money is from the savings of the Debt Service because of the lower interest rate.

After a brief presentation of the three financial components, Refunding, Refinancing the Energy Management loan and New Money, Mr. Santos stated that there is no projected increase in Debt Service therefore, no increases in airline rates and charges at this time that GIAA is contemplating. There are administrative components to the Legislation, to include increasing any subordinate loans from five (5) years to ten (10) years. It also includes increasing the terms for exclusive service agreements from five (5) years to ten (10) years. Mr. Santos went on to say that once Board approves the authorization, Management will introduce the draft Legislation to be revised, to include additional projects and any other modifications that the finance team should make. The finance team consists of GEDA, the Airport, and the Governor's Office from the Government Sector. The private sector is the Underwriter's: Citigroup, Wells Fargo, the Bond Council,

and the Underwriter's Council. Mr. Santos stated that a finance team was set up to process all of the official statements, the offer, preparing for the two (2) formal presentations to Standard & Poor's and Moody's.

The presentation to the rating agencies is expected in June, the Bond pricing in July, and the Bond closing in August 2013. Mr. Santos informed the Board that at this time Management is asking for Board authorization to proceed with the introduction of the Legislation to the Governor's Office and Oversight Senator. Vice Chair Torres stated that the Oversight Chairman should always be kept informed in regard to this item B, the Executive Manager responded, informing the Board that the Senator was in attendance at the presentation with Citigroup. Director Ada inquired if the forty (40) million toward improvements was a set priority. Mr. Santos replied, informing the Director and the Board that the list is based on what the market conditions are in June. The amount of savings results in 45-65 million dollars worth of projects. When the projects are put together, there will be a list Priority One projects, which will include most of the projects listed on the handout; Priority Two projects, consisting of projects that will support the Airport in terms of first and last impressions, and improve the passenger experience. Mr. Santos answered yes; most of these projects are priority. Eventually we will have a list of Priority One and Priority Two projects which will include additional projects.

Director Ada inquired on the refinance money, if it would be extending out the terms as well. Mr. Santos responded that the refunding won't, but the refinancing of the Energy Loan, yes. Director Ada added that it would be stretching out the payment terms. Mr. Santos replied, yes.

Chairman Santos called for a motion to authorize the Executive Manager to draft and proceed, Director Untalan made motion to authorize Management to introduce the draft legislation, seconded by Director Tolan; motion carried.

#### C. Ratification of Quarterly Travel

Vice Chair Torres made motion to ratify the quarterly travel from January - March 2013. With the majority of the employees travelling being ARFF personnel travelling to Saipan for their Live Fire Certification, The Vice Chair stated that the travel was critical to enhance the skills of GIAA Fire Fighters and inquired if the facility in Saipan is still up to par. The Executive Manager responded stating yes, that GIAA along with other airports in the region are utilizing the facility. Director Ada inquired as to why the travel is ratified after the travel has already occurred. Mr. Bordallo responded informing Director Ada that the budget is prepared every year with a travel calendar, and every year a portion of the budget is allocated for travel. Ms. Arriola also added that the travel policy requires the Board to approve any travel. Once the Chairman approves, the employee travels, the Board then ratifies the approval that the Chairman has made. As there were no further discussion, the motion was seconded by Director Tolan; motion carried.

**D. Ratification of Disbursements**

Vice Chair Torres made a motion to ratify payments above the \$50,000.00 threshold made to vendors for the period of March 27, 2013 – April 22, 2013, seconded by Director Untalan; motion carried.

**6. OLD BUSINESS**

**A. Executive Manager's Report**

The Executive Manager presented updates on various matters concerning airlines and charter operations, to include China Airlines announcing eight (8) new charter flights for the month of May. Four (4) flights arrive Friday, May 3<sup>rd</sup> from Fukuoka, Kansai, and Taipei; and four (4) flights will depart Monday, May 6<sup>th</sup>.

The Manager reported that terminal improvements continue in the West Ticket Lobby, with the construction of new ticket counters almost complete.

The FAA Airport District Office (ADO) Manager, Mr. Ron Simpson was here on island to meet with Management, Division Heads and also met with some of the Board Members on April 15 and 16, 2013. The visit was to discuss AIP projects and general compliance issues. The Executive Manager went on to add that before Mr. Simpson departed, he expressed his gratitude and satisfaction with the efforts made by GIAA. FAA's annual certification inspection of Guam Airport Facilities is scheduled for Monday, April 29, 2013. Last year's inspections yielded minimal discrepancies, which GIAA has worked hard to address. The Manager noted for the Board's information that last year's discrepancies were the fewest in the region.

The Executive Manager informed the Board that GIAA has been advised that the FAA is implementing traffic management initiatives at airports and facilities around the country as a result of employee furloughs due to sequestration. Travelers are expected to see a wide range of delays that will change daily depending on staffing and weather related issues. GIAA Management does not foresee any impacts locally in the near future.

TSA Federal Security Director (FSD) Brian Cahill has notified GIAA that there have been delays in implementing changes to TSA's Prohibited Items List. The changes were supposed to take effect April 25, 2013 but were delayed to accommodate further input from the Aviation Security Advisory Committee (ASAC). FSD Cahill has expressed his commitment to sharing the updated information with GIAA as soon as it becomes available.

The Executive Manager announced to the Board that on April 24, 2013 a positive rating update from Moody's Investors Service was received indicating that GIAA's 2003 Revenue Bonds Baa2 Rating was reaffirmed with a 'stable' outlook. Guam has the

potential for greater growth with the possible increased military presence on Guam and more tourism opportunities from the mainland, China and Russia.

In regard to the Annual Budget the Manager reported that GIAA has begun the annual budget review and preparations for fiscal year 2014. GIAA is required to submit a preliminary budget to the carriers by July 1<sup>st</sup> of every year, as stated in the signatory airline agreement.

At this time the Executive Manager welcomed the newly appointed Board Member, Director Ada.

Announcing procurement issues, GIAA officially received a protest from DFS on Tuesday, April 23, 2013 in response to the Specialty Retail Concession RFP being awarded to Lotte Duty Free at the last Special Board Meeting held April 12, 2013.

GIAA sent a delegation of four (4) members to the 8<sup>th</sup> Airports Council International (ACI) Asia-Pacific Regional Assembly, Conference and Exhibition held in Phuket, Thailand from April 22 – 25, 2013. The delegation consisted of Deputy Executive Manager, Peter Roy Martinez, and Board Director, Martin Gerber; staffed by GIAA Marketing Administrator, Rolenda Faasumalie, and Marketing Program Coordinator, Marcia Taitano. The team is also there as an exhibitor to market and push attendance for the upcoming ACI Asia-Pacific 2013 Small and Emerging Markets Seminar scheduled for October 8 – 11, 2013, which will be hosted by Guam. The Manager announced that the Deputy Executive Manager is attending the conference as the First Vice Chair of the Small and Emerging Airports Committee and will be installed as a Regional Board Member of ACI Asia Pacific. Following the ACI Conference, Deputy Executive Manager Martinez and Director Gerber will travel on to Bangkok, Thailand to attend the Pacific Asia Travel Association (PATA) Annual Summit from April 25 – 28, 2013. Deputy Executive Manager will represent the Executive Manager, Charles H. Ada II who was nominated and accepted the nomination to the PATA Board.

Director Ada inquired on the furloughs and or delays, and if Guam will be affected. Mr. Santos responded stating there may be a trickle-down effect, but does not anticipate an impact locally.

#### **B. Financial Report**

For the Board's information, Carlos P. Bordallo, Acting Comptroller presented the financial report as of March 31, 2013. Director Untalan suggested for the Boards information that the Comptroller explain the 70% variance over budget. The Comptroller responded informing the Board that some operating expenses were transferred from the operating budget to the capital budget, primarily for the Energy



Efficient Loan. The Comptroller went on to say that GIAA is \$52,000.00 in payments above budget, and that operational expenses are down and revenue is up.

**C. Legal Counsel's Report**

Legal Counsel recommended that discussions regarding litigation matters be reported during Executive Session. The Board had no objection.

**D. Tenant Matters**

No Tenant Matters reported.

**E. Status on Capital Improvement Programs**

Mr. Frank Santos presented the UDO analysis and informed the Board that all projects are moving forward with Phase 2A of the Noise Mitigation Sound Solution project beginning shortly, sound proofing twenty-eight (28) homes on both sides of the runway. Director Ada inquired if the grants listed on the report were multi-year grants or single grants spanned throughout multiple years. Mr. Santos responded informing the Board that normally the performance rate is over a period of four (4) years.

**7. NEW BUSINESS**

No New Business presented.

The Chairman announced that the Board will recess and convene Executive Session after the recess. Vice Chair Torres made motion to recess and convene Executive Session after the recess, seconded by Director Alcorn; motion carried. The Board recessed at 3:48 p.m.

**8. EXECUTIVE SESSION**

Chairman Santos called Executive Session to order at 4:00 p.m. *(At this time Chairman Santos and Director Tolán exit the conference room)*. Executive Session adjourned at 4:58 p.m., at which time the Board reconvened the regular meeting.

**9. PUBLIC COMMENTS**

The Chairman called upon any public member wishing to make comments. There was no response.

**10. ADJOURNMENT**

The Chairman announced that the next regular meeting is scheduled for Thursday, May 30, 2013. Vice Chair Torres made a motion to adjourn the meeting, seconded by Director Tolan; motion carried. The meeting adjourned at 5:00 p.m.

Respectfully submitted,

Amanda O'Brien-Rios  
Board Secretary

APPROVED:

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FRANCISCO G. SANTOS  
Chairman of the Board

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Date

Attachment



# **BOARD APPROVAL OF DISBURSEMENTS**

**April 24, 2013 - May 24, 2013**

**Ratified by the Board of Directors on  
May 30, 2013 Regular Meeting**

<b>Payee</b>	<b>Amount</b>	<b>Purpose</b>	<b>Date Approved</b>
Pac Air Properties LLC	\$88,200.00	Rental Space Lease	4/24/2013
Atkins Kroll, Inc.	\$103,993.00	2 New Vehicles	4/24/2013
Government of Guam Retirement Fund	\$148,796.14	Payroll Employee & Employers Contribution for PPE 04/20/13	4/25/2013
BEJESS Enterprises Inc. DBA: GEMCCO	\$61,069.95	CIP - AIP65 Electrical (Power Hardening Phase 2)	4/25/2013
Sumitomo Mitsui Construction Co. Ltd.	\$539,131.23	CIP - ILS 6L24R AIP7/478	4/25/2013
E&A Engineers	\$107,159.71	CIP - Code Upgrade & Survey Mapping	4/30/2013
Aircraft Service International Group	\$209,078.57	Fuel Farm Improvements	5/1/2013
J.J. Global Services	\$83,169.68	Janitorial Services for the month of April 2013	5/7/2013
Oracle	\$50,305.89	JDE License & Support Contract Renewal FY2013	5/7/2013
Government of Guam Retirement Fund	\$149,403.85	Payroll Employee & Employers Contribution for PPE 05/04/13	5/8/2013
WM Engineering Services	\$114,382.75	CIP - Fire Alarm & Facility Upgrade	5/9/2013
GMP International, LLC	\$76,103.89	CIP - AIP 74 ILS6L24R	5/9/2013
Aircraft Service International Group	\$85,730.00	Outbound Baggage System for Apr 2013	5/14/2013
Government of Guam Retirement Fund	\$149,482.35	Payroll Employee & Employers Contribution for PPE 05/18/13	5/23/2013
Propacific Builder Corporation	\$108,017.24	CIP - AIP65 Replace/Upgrade Apron Area Ramp Light System	5/23/2013
WM Engineering Services	\$55,198.46	CIP - Facility Upgrade	5/24/2013
Pac Air Properties LLC	\$88,200.00	Rental Space Lease	5/24/2013
<b>TOTAL:</b>	<b>\$2,217,422.71</b>		



## Executive Manager's Report GIAA Board of Directors Meeting May 30, 2013

### AIRLINE ISSUES

#### **Starflyer**

Starflyer, an air operator headquartered at the Kitakyushu Airport, will operate 13 charter flights between Kitakyushu and Guam in August. The first charter flight is scheduled for August 1 and will continue through August 26, 2013. They will be operating an A320 Airbus with a capacity of 150 pax. The Starflyer package averages \$883 per person for a two night/three day package.

#### **Signatory Airlines**

Management met with the Signatory Airlines on May 20, 2013. Discussion items included FY2014 budget, new operator of the fuel system, peak period operations, common-use check-in study, energy management program, passenger loading bridges, airfield projects, Tiyan Parkway/Central Ave. closure, legislative issues, bond refunding and capital improvement projects.

### REGULATORY ISSUES

USCBP announced the implementation of the paperless I-94. U.S. Customs and Border Protection ports of entry in Guam and the Commonwealth of the Northern Mariana Islands will begin automation of the I-94 on May 14. In an effort to increase efficiency and minimize the use of paper forms, CBP has developed an electronic version of the Arrival/Departure Record commonly referred to as the CBP Form I-94. Certain passengers arriving into Guam and the CNMI onboard commercial airlines will no longer need to fill out the paper form. Once travelers are processed through CBP, an electronic version of the arrival record is created with a unique admission number. Individuals can go to [www.cbp.gov/I94](http://www.cbp.gov/I94) to view or print a copy of an I-94 based on the electronically submitted data, including the I-94 number from the form, to provide as necessary to benefits providers or as evidence of lawful admission. Travelers applying for admission under the Guam-CNMI Visa Waiver Program will still be required to complete a paper CBP Form I-94 as well as the CBP Form I-736. Travelers entering the United States under a paroled status without a valid U.S. visa will also require the paper form.

#### **Expanded Visa Waiver Program**

Congresswoman Madeleine Bordallo announced that language on expanding the Guam-CNMI Visa Waiver Program was inserted in the Fiscal 2014 Homeland Security Appropriations bill. It "instructs the Department of Homeland Security [DHS] to finalize deliberations on the expansion of the program on Guam... and meet Congressional intent by establishing a common set of regulations for all visitors to the region."

TSA pre-screening program, **TSA Precheck**, is in place for eligible United Airlines passengers, who may be selected for the program. Eligible United customers will start to see the TSA Precheck indicator on mobile boarding passes, boarding passes printed at home or from the kiosks at some airports, allowing customers to effectively route themselves to available TSA Precheck lanes. The program is available at all eight of United's domestic hubs and at a total of 29 airports (does not currently include Guam). The TSA Precheck indicator will appear on boarding passes throughout a customer's itinerary whether or not the airport has TSA Precheck, so customers are encouraged to check that the airport is a participating location on [united.com/tsaprescreening](http://united.com/tsaprescreening) or [tsa.gov/tsaprecheck](http://tsa.gov/tsaprecheck).

**Executive Manager's Report**  
**GIAA Board of Directors Meeting**  
**May 30, 2013**

**FINANCIAL**

Fiscal Year 2014 Budget preparation is in progress. Division heads have been working within timelines and cost containment procedures to meet budget deadlines and goals.

**Retail Concession**

On April 12, 2013, the GIAA Board of Directors approved Management's recommendation to award the Specialty Retail Merchandise Concession contract to Lotte Duty Free Guam, LLC subject to the successful negotiation of the contract. I am very pleased to report that successful negotiation of the contract was concluded and on May 18, 2013, a contract was awarded to Lotte Duty Free Guam, LLC as authorized by the Board. The new Agreement is for an exclusive term of five years with an additional five-year term on a non-exclusive basis. The new Agreement increases the Airport's specialty retail concession guaranteed rental revenues from \$4.5 million under the prior contract to \$15.4 million in minimum annual guaranteed rent to be paid by Lotte. The Agreement with Lotte represents a 242% increase in minimum annual guaranteed rent with the potential for further increased revenues based on percentage rent, which the Airport expects to be substantial. Moreover, the Airport was able to negotiate additional revenue of 1% of all non-Airport sales made by Lotte on Guam.

Under the new Agreement, Lotte will invest no less than \$23 million in capital improvements towards enhancing the Airport's duty free shopping experience with a unique concept. Included in this unique shopping experience concept are substantial renovations to the Airport food court and restroom facilities at no additional cost to the Airport.

A Press Conference for all media was held today, unveiling Lotte Duty Free Guam's winning concept "Gateway Guam".

**PERSONNEL**

**Compensation/Competitive Positioning**

As provided through Public Law 29-24, authorization was granted to the Authority to promulgate Personnel Rules and Regulations to provide authority to establish pay scales for CTP positions. In 2008, GIAA employed an independent study to develop the pay schedule for the CTP positions. GIAA Board of Directors approved in November 23, 2010 the migration to the 5th Market Percentile effective October 1, 2010. This is the first of a planned number of adjustments aimed at eventually achieving (as a competitive target) the 50th market percentile or market average within the United States. As provided pursuant to GIAA CTP Rules and Regulations, Section 4.102, Compensation Policy, C. Internal equity should be reviewed annually and external competitiveness at least every three (3) years.

To review of the extent of the compensation has moved over the period 2008 - 2012, the results of a market review conducted in 2011 were initially used. This review assessed a series of benchmark positions with data being obtained from market research against the U.S. Airport Industry including data from the U.S. Bureau of Labor Statistics (BLS). In summary, the research indicated an average market movement of 8.7% for the U.S.

**Executive Manager's Report**  
**GIAA Board of Directors Meeting**  
**May 30, 2013**

Airport Industry over the period of 2008 - 2012. Total estimated cost to migrate to the 15th Market Percentile is \$602,640.00. Total estimated cost to migrate to the 20<sup>th</sup> Market Percentile is \$830,000.00.

**LEGISLATIVE ISSUES**

**Bill 69-32** which would require legislative approval for lease agreements that span more than five years passed in the May 28, 2013 legislative session and will be transmitted to the Governor's office.

**Bill No. 125-32** appropriating \$500,000 to the Department of Public Works to fund the acquisition property for the Tiyán Parkway Project was introduced in the May 23, 2013 legislative session.

**FAA Visit**

The A.B. Won Pat International Airport Authority, Guam (GIAA) received excellent inspection results during this week's annual Airport Certification Inspection by the Federal Aviation Administration (FAA) on May 3, 2013. This yearly inspection is a requirement for FAA certification and Guam's only civilian airport received very high marks by Airport Certification Inspector, Juan S. Reyes of the FAA Airport District office out of Honolulu. Mr. Reyes commented on the great conditions at GIAA, with only one recommendation to update the Airport's Wildlife Management Program.

**PROCUREMENT**

**IFB Rehabilitate RWY 6L-24R Phase II**

Announced:	May 3, 2013
Pre Bid Conference	May 16, 2013, 10:00 am
Submission Deadline:	June 3, 2013, 2:00 pm

**ANNOUNCEMENTS**

- Airport Police Protocol supported the arrival visit of Japan Minister of Defense Itsunori Onedera who arrived on May 28, 2013. A press conference was held with the Japanese media in the Board conference room at 4pm May 29, 2013 prior to the Minister's departure.
- The China Outbound travel Market symposium was held May 22, 2013 at the Hyatt. GIAA supported this event as a silver sponsor. The symposium offered valuable information on the China market and imparted information on the desires and trends of the targeted cross section of visa holders and catchment area.
- The GIAA Employee Organization is hosting a "Get to Know your EO" Friday, May 31, 2013 at 5pm at the GIAA Integrated Air Cargo Building. New Officers will be introduced to the membership, and a must be present to win raffle fundraiser will be held. All members are invited to attend.
- Jose C. Sanchez, Painter Leader, with 17 years of Government Service, retired May 16, 2013, with a ceremony acknowledging his valuable service to the agency. A retirement party was hosted by P&F on May 17, 2013 to wish him well in his retirement.


**Executive Manager's Report**  
**GIAA Board of Directors Meeting**  
**May 30, 2013**

- The Airport Authority participated in the Relay for Life on May 17 through the 18<sup>th</sup>, along with other GovGuam agencies and private organizations raising money for the American Cancer Society. Thank you to the Accounting and Property Management Divisions for undertaking the planning and coordination of the Airport's involvement in this worthwhile event.

May 29, 2013

**MEMORANDUM**

**To:** Mr. Francisco G. Santos  
Chairman  
GIAA Board of Directors

**From:** Carlos Bordallo   
Acting Comptroller

**Subject:** Operating Results - Revenues and Expenses as of  
April 30, 2013

Attached herewith is GIAA's Operating Results Report for the month ending April 30, 2013. This report summarizes the Budgeted versus Actual Revenues and Expenses for the month and year-to-date results ended April 30, 2013.

The key operating results for 7 month(s) of FY 2013 ending April 30, 2013 - (in \$000's) are:

CATEGORY	YEAR-TO-DATE				FORECAST FOR FULL YEAR-FY13	
	Budget FY 13 Y-T-D	Actual FY 13 Y-T-D	% Variance Budget vs. Actual		Actual Y-T-D + Remaining FY 13 Budget	% Variance Budget vs. Estimate for Full Year
			Y-T-D Current Month	Y-T-D Last Month		
Total Signatory Revenues	\$15,894.1	\$17,295.1	8.8%	9.4%	\$28,723.2	5.1%
Total Concession Revenues	\$6,321.4	\$6,198.6	-1.9%	-1.7%	\$10,735.4	-1.1%
Total PFC's	\$3,480.9	\$3,883.2	11.6%	11.8%	\$6,377.7	6.7%
Total Other Revenues	\$9,027.3	\$9,246.8	2.4%	1.1%	\$15,363.8	1.4%
Total Operating Revenues	\$34,723.7	\$36,623.7	5.5%	5.4%	\$61,200.0	3.2%
Total Operating Expenses	\$24,811.1	\$20,134.8	-18.8%	-20.7%	\$36,064.5	-10.8%
Net Revenues from Operations	\$9,912.6	\$16,488.9	66.3%	70.7%	\$25,135.5	33.3%
Non-Operating Expenses	\$500.0	\$195.4	-60.9%	-60.9%	\$195.4	-60.9%
Other Available Moneys/other sources of funds	\$2,790.3	\$2,525.0	-9.5 %	-9.9%	\$4,518.0	-5.5%
<b>Net Debt Service Coverage</b>	<b>1.27</b>	<b>1.92</b>	<b>51.8%</b>	<b>56.0%</b>	<b>1.76</b>	<b>26.2%</b>



Page 2 - Operating Results as of April 30, 2013

Year-to-date Total Signatory Revenues for the month ending April 30, 2013 are above Budgeted revenues by **8.8%**. Signatory revenue estimates are based on projections submitted by Signatory airlines and adopted in the annual budget.

Year-to-date Total Concession Revenues are below budget estimate by **-1.9%** and Passenger Facility Charges are above budget estimates by **11.6%**.

Year-to date Total Other Revenues, inclusive of non-signatory and non-airline revenues, are above the budget estimate by **2.4%**.

Year-to-date Total Operating Revenues Actual of **\$36.6M** is **5.5%** above the budget estimate of **\$34.7M**.

Year-to-date Total Operating Expenses are below budget by **-18.8%** from budget. Components of this line item include a **-9.2%** decrease in Personnel Service, a **-23.1%** decrease in Contractual Services, a **-40.3%** decrease in Materials & Supplies and a **-100%** decrease in Equipment/Furnishings from budgeted amounts for these respective categories.

The actual year-to-date Net Revenues from Operations of **\$16.5M** reflects an increase of **66.3%** over the year-to-date budgeted amount of **\$9.9M**.

Finally, our year-to-date results for Debt Service Coverage is at **1.76** versus the requirement of **1.25**.

Should you have any questions, please contact me at your convenience.

Attachments

cc: Board of Directors  
Executive Manager  
Deputy Executive Manager  
Frank R. Santos, Expansion  
Division Heads



## GIAA Program Status and UDO Analysis on Open AIP Grants

FY	Loc ID	Description	Grant #	Grant Amount	Balance as of 4/25/13	UDO	Balance as of 5/30/13	UDO	Comments
2007	GUM	Noise mitigation measures for residences within 65 DNL	3-66-0001-056	\$3,500,000	\$0	0%	\$0	0%	FOR CLOSE OUT (FCO)
2007	GUM	Extend Runway 6L/24R - Phase 3	3-66-0001-057	\$4,536,213	\$0	0%	\$0	0%	FCO
2007	GUM	Improve Airport Utilities Infrastructure - Phase 5 (MAP)	3-66-0001-058	\$6,800,000	\$0	0%	\$0	0%	FCO
		<i>Amendment No. 1 to AIP 58</i>	3-66-0001-058	\$755,815	\$351,833	47%	\$351,833	47%	
		<b>Sub Total:</b>		<b>\$14,836,213</b>	<b>\$0</b>	<b>0%</b>	<b>\$0</b>	<b>0%</b>	
2008	GUM	Noise Mitigation Measures for Residences w/n 65-69 DNL - Phase 4	3-66-0001-59	\$2,000,000	\$0	0%	\$0	0%	FCO
2008	GUM	Complete Construction of Parallel Taxiway - Phase 1	3-66-0001-60	\$5,797,441	\$0	0%	\$0	0%	FCO
		<i>Amendment No. 1 to AIP 60</i>	3-66-0001-60	\$869,616	\$0	0%	\$0	0%	FCO
2008	GUM	Extend Runway 6L/24R - Phase 4	3-66-0001-61	\$14,000,000	\$0	0%	\$0	0%	FCO
		<i>Amendment No. 1 to AIP 61</i>	3-66-0001-61	\$2,100,000	\$0	0%	\$0	0%	FCO
2008	GUM	Miscellaneous Airport Improvements - Phase 2	3-66-0001-62	\$2,000,000	\$0	0%	\$0	0%	FCO
		<i>Amendment No.1 to AIP 62</i>	3-66-0001-62	\$300,000	\$0	0%	\$0	0%	FCO
2008	GUM	Improve Terminal Building (Seismic Zone 4 Upgrade) - Phase 2	3-66-0001-64	\$1,148,913	\$0	0%	\$0	0%	FCO
		<b>Sub Total:</b>		<b>\$28,215,970</b>	<b>\$0</b>	<b>0%</b>	<b>\$0</b>	<b>0%</b>	
2009	GUM	Improve Airport Utility Infrastructure (Electrical System) - Phase 1	3-66-0001-65	\$7,000,000	\$5,579,552	80%	\$5,378,465	77%	
2009	GUM	Conduct Airport Master Plan Study Update	3-66-0001-66	\$700,000	\$90,335	13%	\$90,335	13%	
2009	GUM	Extend Runway 6L/24R - Phase 5	3-66-0001-67	\$744,647	\$0	0%	\$0	0%	FCO
2009	GUM	Rehabilitate Runway 6L/24R	3-66-0001-68	\$4,807,180	\$0	0%	\$0	0%	FCO
2009	GUM	Noise Mitigation Measures for Residences w/n 65-69 DNL - Phase 5	3-66-0001-69	\$2,000,000	\$1,120,709	56%	\$1,120,709	56%	
2009	GUM	Extend Runway 6L/24R - Phase 7	3-66-0001-70	\$3,294,390	\$0	0%	\$0	0%	FCO
		<i>Amendment No. 1 to AIP 70</i>	3-66-0001-70	\$494,158	\$0	0%	\$0	0%	FCO
2009	GUM	Complete Construction of Parallel Taxiway - Phase 2	3-66-0001-71	\$3,005,610	\$0	0%	\$0	0%	FCO
		<i>Amendment No. 1 to AIP 71</i>	3-66-0001-71	\$450,842	\$0	0%	\$0	0%	FCO
		<b>Sub Total:</b>		<b>\$22,496,827</b>	<b>\$6,790,596</b>	<b>30%</b>	<b>\$6,589,509</b>	<b>29%</b>	



## GIAA Program Status and UDO Analysis on Open AIP Grants

FY	Loc ID	Description	Grant #	Grant Amount	Balance as of 4/25/13	UDO	Balance as of 5/30/13	UDO	Comments
2010	GUM	Extend Runway 6L/24R - Phase 8	3-66-0001-72	\$4,000,000	\$0	0%	\$0	0%	FCO
		Amendment No. 1 to AIP 72	3-66-0001-72	\$600,000	\$0	0%	\$0	0%	FCO
2010	GUM	Rehabilitate Runway 6L/24R - Phase 1 (Design only)	3-66-0001-73	\$1,500,000	\$139,658	9%	\$132,951	9%	
2010	GUM	Install Instrument Landing System (ILS) Runway 6L - Phase 1	3-66-0001-74	\$2,172,362	\$0	0%	\$0	0%	
2010	GUM	Noise Mitigation Measures for Residences w/n 65-69 DNL - Phase 6	3-66-0001-75	\$2,000,000	\$1,933,131	97%	\$1,933,131	97%	
2010	GUM	Improve Airport Utility Infrastructure (Sewer & Storm Water Drainage) - Phase 1 (Design only)	3-66-0001-76	\$1,550,000	\$1,545,031	100%	\$1,545,031	100%	
2010	GUM	Collect Airport Data for the Airports Geographic Information System (AGIS)	3-66-0001-77	\$675,000	\$200,305	30%	\$200,305	30%	
2010	GUM	Install Instrument Landing System (ILS) Runway 6L - Phase 2	3-66-0001-78	\$4,827,638	\$1,688,869	35%	\$1,104,396	23%	
2010	GUM	Conduct Environmental Assessment for Sewer and Storm water Drainage	3-66-0001-79	\$700,000	\$513,550	73%	\$513,550	73%	
		<b>Sub Total:</b>		<b>\$18,025,000</b>	<b>\$6,020,544</b>	<b>33%</b>	<b>\$5,429,364</b>	<b>30%</b>	
2011	GUM	Extend Runway 6L/24R - Phase 9	3-66-0001-80	\$1,975,678	\$0	0%	\$0	0%	FCO
2011	GUM	Miscellaneous Airport Improvements - Phase 3	3-66-0001-81	\$2,304,801	\$2,232,118	97%	\$2,226,702	97%	
2011	GUM	Miscellaneous Airport Improvements - Phase 4	3-66-0001-82	\$1,400,000	\$1,332,099	95%	\$1,326,954	95%	
		<b>Sub Total:</b>		<b>\$5,680,479</b>	<b>\$3,564,217</b>	<b>63%</b>	<b>\$3,553,656</b>	<b>63%</b>	
2012	GUM	Extend Runway 6L/24R - Phase 10	3-66-0001-83	\$2,000,000	\$0	0%	\$0	0%	FCO
2012	GUM	Rehabilitate Runway 6L/24R - Phase 2	3-66-0001-84	\$5,441,024	\$5,441,024	0%	\$5,441,024	0%	
		<b>Sub Total:</b>		<b>\$7,441,024</b>	<b>\$5,441,024</b>	<b>73%</b>	<b>\$5,441,024</b>	<b>73%</b>	
		<b>GRAND TOTAL:</b>		<b>\$96,695,513</b>	<b>\$21,816,381</b>	<b>23%</b>	<b>\$21,013,553</b>	<b>22%</b>	

**CALVO FISHER & JACOB LLP**

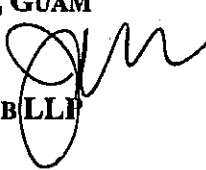
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**RECOMMENDATION OF COUNSEL**

**TO:** Board of Directors  
ANTONIO B. WON PAT INTERNATIONAL  
AIRPORT AUTHORITY, GUAM

**CC:** Mr. Charles H. Ada II  
Executive Manager  
ANTONIO B. WON PAT INTERNATIONAL  
AIRPORT AUTHORITY, GUAM

**FROM:** Janalynn Cruz Damian   
CALVO FISHER & JACOB LLP

**DATE:** May 22, 2013

**SUBJECT:** Executive Session

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Pursuant to 5 G.C.A. § 8111(c)(1), I hereby recommend that the Board of Directors of GIAA conduct an Executive Session at the next regularly scheduled Board meeting to discuss pending or threatened litigation to which GIAA is or may be a party.