

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE  
A.B. WON PAT INTERNATIONAL AIRPORT AUTHORITY, GUAM  
Thursday, August 28, 2014, 3:00p.m.  
GIAA TERMINAL CONFERENCE ROOM #3**

**1. CALL TO ORDER AND ATTENDANCE**

The August 28, 2014 regular meeting of the Board of Directors of the A.B. Won Pat International Airport Authority, Guam ("GIAA" or the "Authority") was called to order by Chairman Untalan at 3:14p.m. at the GIAA Terminal Conference Room #3, 355 Chalan Pasaheru, Tamuning, Guam, 96913.

**Directors Present:**

Edward G. Untalan  
Martin Gerber  
Gurvinder Sobti  
Lucy M. Alcorn

**Offices or positions:**

Chairman

**Directors Absent:**

Jesus Q. Torres(unexcused)  
Rosalinda A. Tolan (Excused)

Vice Chairman

**GIAA Officials:**

Charles H. Ada II  
Peter Roy Martinez  
Carlos P. Bordallo  
Frank R. Santos  
Jean M. Arriola  
Gerard Bautista  
Benny A. Baza  
Victor Cruz  
EdMuna  
Joseph G. Javellana  
Franklin P. Taitano

Executive Manager  
Deputy Executive Manager  
Acting Assistant Comptroller  
Business and Financial Consultant  
Air Services Manager  
Air Terminal Manager  
Chief of ARFF  
Engineer Supervisor  
Airport Operations Superintendent  
Program Coordinator IV  
Procurement Administrator

Janalynn Cruz Damian, Esq.

GIAA Legal Counsel

The Chairman welcomed the presence of Airport tenants, stakeholders, and members of the public who are noted in a sign-in sheet made as an attachment to these minutes.

## **2. APPROVAL OF AGENDA**

The Chairman asked if there were any changes to the agenda. Chairman Untalan then commented that the July 31, 2014 Regular Board Meeting minutes would be tabled. Chairman Untalan then moved New Business Item (A.) Approval of Proposed GIAA Fiscal Year 2015 Budget, to the last of the New Business Items to be addressed. On motion duly made by Director Gerber, seconded by Director Alcorn, the agenda as amended, was unanimously approved.

## **3. APPROVAL OF MINUTES**

### **A. July 31, 2014 Regular Meeting**

The next item on the agenda was approval of the minutes of the July 31, 2014 regular meeting.

On motion duly made by Chairman Untalan, the minutes of were tabled.

## **4. CORRESPONDENCE**

The next item on the agenda was Correspondence.

Executive Manager Charles Ada stated that there was no significant correspondence to report. The EM then called to attention that on this exact date, one year ago, GIAA was successful in its Municipal Bond Sale.

## **5. OLD BUSINESS**

The next item on the agenda was Old Business.

### **A. Status of Capital Improvement Projects**

The first matter discussed was the Status of Capital Improvement Projects. Mr. Frank Santos, Business and Financial Consultant, presented three (3) schedules to the Board for review. The first schedule presented was the Undistributed Obligations Analysis (UDO). The only significant update was in regards to the 2010 projects, given a four-year performance period. Of the four (4) Outstanding Grants, the Authority has three (3) to close out and with funds to be de-obligated, and one (1) that is completely closed out.

The first project mentioned was the AIP73 Rehabilitative Runway 6L/24R -Phase 1 (Design only) with \$45,738 in funds to be de-obligated. The second project was AIP75 Noise Mitigation Measures, with a balance of \$1.1 million to be de-obligated. However,

in discussion with the FAA, the Authority will continue working using those monies to use towards additional homes covered under the current project, provided that a majority of reimbursements would occur around June of 2015. Mr. Santos pointed out that in this case, though the Authority is de-obligating this amount, they are not losing the opportunity to soundproof as many homes as possible under the current criteria.

Chairman inquired as to whether former navy/military homes were eligible under this grant, with Mr. Santos answering that they were not. He did mention, however, that beginning October 1, 2015, a new program with new criteria would begin. Director Sobti inquired as to approximately how many homes would be covered under this project, with Mr. Santos answering that there would be fifteen (15) homes covered.

The third project mentioned was AIP76 Approve Airport Utility Infrastructure (Sewer and Storm Water Drainage) - Phase 1 (Design Only), as of July 31, 2014 there was \$545,586 which has since been zeroed out and is now closed out.

The final project was AIP79 Conduct Environmental Assessment for Sewer and Storm Water Drainage. Grant amount was for \$700,000, little more than half of which (\$355,000) is being de-obligated. The Environmental Assessment has already been published in the newspaper and is also available on GIAA's website.

Chairman inquired as to who authors the grants to which Mr. Santos responded that it was a team effort. Upcoming grant applications to be submitted this year were identified as: 1. The new ARFF facility 2. Revisions to the Air Cargo Apron 3. Second ARFF Vehicle along with a Rapid Intervention Vehicle (RIV).

The ARFF facility project is estimated to cost \$11.6 million with \$10.4 coming from Federal Grants. Chairman inquired as to whether those funds were already acquired to which Mr. Santos replied that they are not, but plans are in order to apply for those Federal Grants, but the Authority has Bond proceeds, and the same goes for the Cargo Apron Relocation.

The top two Bond Priority Projects presented were In-Line Baggage Handling System and Arrivals Corridor. The expected presentation date of the new Arrivals Corridor is October 8-10, 2014 at GIAA, which will include a cost assessment. Members of the Board inquired as to the typical cost of an assessment, to which Mr. Santos replied that it was a fixed fee of \$5 million. Once a cost estimate is obtained, focus on other projects may resume. This project is expected to bid out in April of 2015.

## **6. NEW BUSINESS**

The next item on the agenda was New Business.

**A. Approval of Award - IFB No. GIAA-005-FY14, Purchase and Delivery of Boom Lift and Trailer**

The first matter discussed was the approval of award under the Invitation for Bid Purchase and Delivery of Boom Lift and Trailer No. GIAA-005-FY14 (the "IFB"). The Executive Manager mentioned that this was budgeted in FY2013, but was deferred by the Board, but because of the current state of the fleet instructions were given to move forward with this project. The proposed boom lift and trailer are to be used by Properties & Facilities Division for repair and maintenance of parking and ramp lights, security cameras, and the terminal building. Four (4) firms purchased the bid package and only one (1) firm submitted a bid proposal before the submission deadline. The firm was evaluated and determined to be acceptable. As required by the Guam Procurement Regulations, the bid was publicly opened and read aloud in the presence of the bidder. The submitted bid was presented as follows: Morrico Equipment LLC, Item (1) Boom Lift in the amount of \$188,890.00 and Item (2) Trailer in the amount of \$13,495.00. The total contract award for this bid is \$202,385.00, funding for which is available under the CIP budget. Upon approval of award, the contract will be processed through issuance of a Purchase Order in conformance with the Guam Procurement Regulations. The Chairman inquired as to why only one firm submitted its bid, and was informed that the other interested parties were unable to commit on the delivery, with one company submitting in writing, their intentions to withdraw (their bid). Mr. Franklin P. Taitano, Procurement Administrator, informed the Board that the timing of the year was a factor. Director Sobti inquired as to how a fair comparison of cost could be made with only one company's bid, and Mr. Taitano reported that the cost from the previous Boom Lift purchase from previous years was slightly less than the current purchase price.

After further discussion, on motion duly made by Director Alcorn, seconded by Director Sobti, the following resolution was unanimously approved:

**Resolution No. 14-51**

The Board hereby approves award of the contract of Purchase and Delivery of Boom Lift and Trailer, IFB No. GIAA-005-FY14, to Morrico Equipment LLC for \$188,890.00 for the Boom Lift and \$13,495.00 for the Trailer, for a total contract amount of \$202,385.00, subject to review by legal counsel.

**B. Approval of Award - RFP No. GIAA-008-FY14 - Insurance Brokerage Services**

The second matter discussed was the approval of award under the Request for Proposal for Insurance Brokerage Services, RFP No. GIAA-008-FY14. The Executive Manager

informed the Board that the referenced RFP was to solicit proposals from professional insurance brokerage services firms to assist GIAA in management and placement of its insurance coverage. The contract term is for a year to year basis, not to exceed a total term of five (5) years. A total of six (6) firms showed their interest by obtaining the RFP package; however, three (3) firms responded by submitting their proposals before the established deadline. After receipt of all proposals, an Evaluation Committee was established to perform an independent evaluation of the proposals to determine the best qualified proposer. The proposals were evaluated based on the point system assigned for each criteria identified in the RFP package. As a result of the evaluation committee's tabulation, the selected firms in the order of their ranking are as follows:

1. Proposer C
2. Proposer A
3. Proposer B

Management recommends the approval of the ranking results and the contract award to Proposer C, as the highest ranked proposer, subject to negotiations of fair and reasonable fees. In the event that negotiations prove unsuccessful, GIAA Management will enter negotiations with the next highest ranked proposer. Chairman Untalan suggested that in the following years, that the process of attaining insurance brokerage services start in June rather than August, given that the policy expires September 30, to give GIAA adequate time to process all aspects to ensure the best outcome. His suggestion was noted by the Executive Manager.

After further discussion, on motion duly made by Director Alcorn, seconded by Director Sobti, the following resolution was unanimously approved:

**Resolution No. 14-52**

The Board hereby approves the ranking results and contract award to Proposer C for Insurance Brokerage Services, RFP No. GIAA-118-FY14, subject to negotiation of fair and reasonable fees, and legal counsel review. If negotiations prove unsuccessful, Management can enter into negotiations with next highest ranked proposer.

The Executive Manager announced to the Board that Proposer "C" is AM Insurance, who is the GIAA incumbent provider.

**C. Approval of Proposed GIAA Fiscal Year 2015 Budget**

The third matter discussed was the approval of the proposed GIAA Fiscal Year 2015 Budget as presented by Comptroller Carlos P. Bordallo. Mr. Bordallo reported on two meetings with Signatory Airlines, the first meeting which took place July 29, where the initial proposed Cost Per Enplaned Passengers payment of \$16.80 was presented to

Signatory Airlines. GIAA was asked to revisit and look at areas to possibly bring cost down. The second meeting between GIAA and Signatory Airlines took place August 12, where the cost was presented at \$15.80, which was still a 1.2% increase from existing FY 2014 Cost Per Enplaned Passenger at \$15.61. Mr. Bordallo reported that Signatory Airlines was receptive to and thankful for the adjusted Cost Per Enplaned Passenger (CP).

Operation and maintenance expenses and assumptions: 5.6% increase projected in enplanements for FY2015; in actual estimate retirement contribution rates going down to 29.67 next year. The rate is set by statute every year, which is part of the budget process. GIAA contractual services are going to increase by \$456,000. GIAA will continue to fund projects essential to airport primary functions, overall 2.59% increase in total airport revenue over the actual estimate. Allocation of aeronautical revenues is at 38% with non-aeronautical at 51%. Mr. Bordallo pointed out the higher the non-aeronautical, the less impact to the cost of the airlines. GIAA is going to contribute another \$250,000 to the Risk and Loss Management Fund, which is currently at \$5.1 million. Amortization reduced by 50%. In the first meeting, Mr. Bordallo fully amortized all outstanding projects and this was one of the areas he was asked to look at. Mr. Bordallo and Mr. Frank Santos, Expansion Consultant, discussed and agreed at 50% reduction in amortization, which will be recovered in the oncoming years. GIAA will continue to reassess and pursue revenue streams that promote air service and development which may include incentives and exploration of the markets, initiating those projects federally funded or essential to the airport's primary functions. Mr. Bordallo noted that within the Signatory agreement, there is a clause which allows GIAA to adjust the landing fee in the event that GIAA revenues fall short. Finally, Mr. Bordallo reported that GIAA is going to deposit all of its CIF (Capital Improvement Fund) monies, and all available monies at the end of the year into the CIF account, which has been GIAA common practice since 2008.

Allocation of revenue: broken down between Signatory Airlines, revenues from other sources other than Signatory, passenger facility service charge, and Federal reimbursement for operating grants. Mr. Bordallo reported that there was an increase in Signatory Airlines rents and fees primarily attributable to the increase in number of enplanements that is projected for next year. Aeronautical and non aeronautical, and other revenue: special retail concession part of the major improvement of the non-aeronautical side. Signatory Airline rents and fees: Cost per enplanement: debt service coverage is at 1.31, for 2014 GIAA was projecting a 1.4 at the time the budget was prepared, with potential to improve to over 1.5 at the end of the year. Mr. Bordallo noted that a large increase was in Personal Services with the primary reason being the fifteen (15) ARFF employees GIAA acquired last year. Mr. Bordallo also noted that retirement is not part of the increase in the budget. Mr. Chairman inquired as to how many GIAA employees were included in the budget, with Mr. Bordallo responding that there were two hundred and forty-four (244). Currently, there are approximately 32

vacancies primarily in the Properties and Facilities (P&F) section, according to Mr. Bordallo's notes. Mr. Chairman suggested this year's focus be on development of non-aeronautical departments to stimulate revenues in that area which will in turn drive down enplaned passenger cost.

Mr. Chairman commented on the challenges Mr. Santos will be facing in terms of grants for the upcoming Fiscal Year. Mr. Chairman inquired as to whether GIAA will see an increase or decrease at the end of FY2014, with Mr. Santos responding that there will be a decrease, based on current information regarding works in progress. Calculation of rates and fees, FY2014 under Capital Improvement Funds and other available funding sub account and Capital Improvement Sub Account, there will \$3.3 million available at the end of the year. Mr. Santos noted that normally, that amount would be fifty percent (50%) less, but as indicated in the assumptions as well as in the negotiations with the airlines, GIAA is keeping one hundred percent (100%). With a total of eight (8) Capital Improvement Projects, a total budget of approximately \$19.7 million, of which \$16.6 million is being targeted for Federal grants. Mr. Chairman inquired as to how much revenue was generated by GIAA and Mr. Santos responded with approximately \$4.4 million. Mr. Chairman then brought to attention the intent of GIAA to focus on boosting non-aeronautical sources of revenue to therefore become less reliant on Federal grants. Mr. Chairman then posed the assumption that if all projected plans and projects were completed as predicted, that at the end of FY2015, GIAA would see an increase in assets, which was affirmed by Mr. Santos. Mr. Chairman then inquired as to when the audit would begin, and Mr. Bordallo responded that GIAA has already started the process and is currently working with the auditors to have the report ready no later than January 31, 2015.

On motion duly made by Director Gerber to approve Proposed GIAA Fiscal Year 2015 Budget, seconded by Director Alcorn, the budget was unanimously passed.

## **7. REPORT OF EXECUTIVE MANAGER**

The next item on the agenda was the report of the Executive Manager.

The Executive Manager reported on matters concerning various airlines, starting with Cebu Pacific. GIAA management met with Cebu Pacific officials August 7, 2014. Starting December 2014, Cebu Pacific will utilize an A320 Aircraft with a seat capacity of 180, operated 4x weekly. This operation will add 2880 seats to the monthly inventory of the Manila market. China Airlines will operate eight(8) charter flights in the month of September 2014, utilizing an A330-300 aircraft, totaling in 2384 potential passengers. United Airlines will be adding two routes from Guam; the Seoul route will be operated daily, utilizing B737-800 aircraft with a seat capacity of 155, which will create 4650 passenger seats monthly and 55800 annually. The other route, which is Shanghai Pu

Dong, will operate twice (2x) weekly, serviced by a B737-800 aircraft, providing 1240 seats monthly and 14880 annually. This route is the first regularly scheduled direct flight from China to Guam. Beginning October 26, 2014, Philippine Airlines will increase their Manila-Guam operations from five (5) to seven (7) flights weekly, utilizing an Airbus 320, which increases seat capacity by 300 weekly, increasing annual seats available from 39,000 to 54,600. Lastly, Star Marianas has submitted a Letter of Intent to operate regular commercial and on-demand services to Saipan, Rota, and Guam. GIAA and Star Marianas met to discuss ideas and acquire information on regulatory, operational, and technical requirements to operate on Guam.

Tenant issues was the second matter addressed, mainly focused on the decline in tour bus facility charges. This decline is due to a new breed of tourists, whom prefer and/or expect personalized shuttle services directly to their hotel. Key operators PMT, RNC, and HIS have taken initiative to address and accommodate these passengers. Miki Taxi and Independent Taxi Operators have been engaged to provide personalized transportation. Airport management and staff are in discussions with current ground transportation operators to find a win-win solution wherein customers are provided with quality service without jeopardizing the Airport's revenue system.

Deputy Executive Manager Peter Roy Martinez and Air Terminal Manager Gerard Bautista attended the FAA's Western-Pacific Regional Director's Workshop in Los Angeles where they met with new FAA Pacific Regional Administrator Glen Martin. Key topics of discussion were Essential Air Services, with Guam and American Samoa as examples of main islands whose connectivity to outer islands is dependent on a sole provider.

The FAA issues a Notice of Finding of No Significant Impact (FONSI) on the proposed Guam Airport Storm Water and Wastewater System Improvement Project.

As of August 12, 2014, all discrepancies noted in FAA's inspection of GIAA facilities has been fully addressed, with GIAA submitting a letter of correction which was accepted by the FAA.

Lastly, the Executive Manager brought to attention the TSA Official Site Visit by John S. Pistole which took place August 29, 2014. Mr. Pistole is an Administrator of the Transportation Security Administration whose visit was to discuss Guam based regulatory, operational and technical issues as well as inspect TSA facilities and operations on island.

The twentieth (20th) World Route Development Forum will be taking place in Chicago, IL at the McCormick Place on September 20-23, 2014. Airport as well as GVB will be



attending to continue joint efforts to explore potential and/or secure new service and routes.

Regarding procurement, an Invitation for Bid (IFB) for Purchase and Delivery Police Pursuit K-9 Vehicle was announced September 1, 2014, with Pre-Bid September 2, 2014 at 10 a.m., and a submission deadline September 9, 2014 at 4 p.m.

The A.B. Won Pat International Airport Authority, Guam presented its Noise Compatibility Program (NCP) at a public meeting held August 26, 2014 at 6 p.m. and was published in both the Pacific Daily News and Marianas Variety for community awareness.

## **8. REPORT OF THE COMPTROLLER**

The next item on the agenda was the report of the Comptroller.

Mr. Carlos Bordallo, Comptroller, provided a report to the Board on the revenues and expenses of the Authority as of July 31, 2014. Signatory revenues were reported to be slightly below budgeted revenues by 0.02%. Year-to-date (YTD) Total Concession Revenues were above estimates by 1.3% and Passenger Facility Charges are below 5%. YTD Total Other Revenues inclusive of non-signatory and non-airlines revenues are above budget estimates by 4.4%. YTD Total Operating Revenues Actual of \$55.5 million is 1.3% above budget estimate of \$54.8 million. Operating expenses are down by 8.8% from budget including a 3.8% decrease in Personnel Services, 10.3% decrease from Contractual Services, a 32.4% decrease in Materials and Supplies and a 100% decrease in Equipment and Furnishings. YTD net revenues from Operations is \$24.9 million to expect an increase of 17.4% over the YTD budgeted amount of \$21.2 million. The Authority's Debt Service Coverage ratio is at 1.53 versus the 1.25 required.

Chairman Untalan then inquired if the estimated amount YTD Operating Expenses would be approximately 7.5% below budget, to which Mr. Bordallo affirmed. Chairman commented on the amount of Cash On Hand (approx \$320,000) that the Authority has and how it was relative to the positive rating of the Authority.

The Chairman then congratulated the Management Team on the current condition of the Authority due to their extreme competence.

## **9. EXECUTIVE SESSION**

There was no Executive Session held.

**10. PUBLIC COMMENTS**

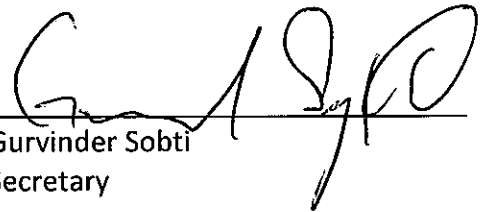
The next item on the agenda was Public Comments. Chairman Untalan called upon any public member wishing to make comments. There were none.

**11. ADJOURNMENT**


There being no further business to address before the Board, on motion duly made by Director Alcorn, seconded by Director Sobti, at 4:26p.m., the meeting was adjourned.

Dated this \_\_\_\_\_, day of \_\_\_\_\_, 2014.

  
\_\_\_\_\_  
Edward G. Untalan  
Chairman

Attest:  
  
\_\_\_\_\_  
Gurvinder Sobti  
Secretary

Prepared and Submitted By:

  
\_\_\_\_\_  
Maria DeVille Sablan  
Corresponding Secretary



A.B. WON PAT INTERNATIONAL AIRPORT AUTHORITY, GUAM  
BOARD OF DIRECTORS REGULAR MEETING  
3:00 P.M., THURSDAY, AUGUST 28, 2014  
GIAA TERMINAL CONFERENCE ROOM #3

SIGN IN SHEET

<u>PRINT NAME</u>	<u>COMPANY/AGENCY</u>
1. FRANK P. TAITANO	GIAA
2. BENNY A. BAZA	ARFF
3. J. G. JAVELANA	GIAA
4. HUBHE WILLIAMS	APD
5. VICTOR J. CRUZ	GIAA
6. MAMETH LOPAZ	Variety
7. E. KOSIUBA	GIAA Mktg.
8. TRICIA GRANILLO	AM INS.
9. GERARD BAUTISTA	ATM
10. EDUARDO LUNA	GIAA-OPERATIONS
11. JUAN ANAN	GIAA
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