



**BOARD OF DIRECTORS REGULAR MEETING**  
**3:00 p.m., Thursday, August 27, 2015**  
**GIAA TERMINAL CONFERENCE ROOM #3**

Public Notice

First Notice:

Marianas Variety – August 20, 2015  
Notice to Media – August 20, 2015

Second Notice:

Marianas Variety – August 25, 2015  
Notice to Media – August 25, 2015

**AGENDA**

1. Call to Order and Attendance
2. Approval of Agenda
3. Approval of Minutes
  - A. July 30, 2015 Regular Meeting
4. Correspondence
5. Old Business

Status Updates of:

- A. Capital Improvement Projects
  - B. Airport Property Development
  - C. Air Service Development Strategy
  - D. Investment Advisor
6. New Business
  - A. Approval of Grant Agreement - FAA AIP Grant Award No. 3-66-0001-091-2015 - Acquire ARFF Vehicles - \$1,251,000.00
  - B. Approval of FY 2016 Operations and Maintenance Budget
  - C. Award of Contract - Grass cutting and Herbicidal Treatment Services - IFB No. GIAA - 007 - FY14
7. Report of Executive Manager
8. Report of the Comptroller
9. Public Comments
10. Executive Session
11. Adjournment



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WE'RE ON IT  
**24/7**

**A.B. WONPAT INTERNATIONAL AIRPORT AUTHORITY**  
**Board of Directors Regular Board Meeting**  
**3:00 p.m. Thursday, August 27, 2015**  
**GIAA Terminal Conference Room #3**

**SIGN IN SHEET**

	<u>PRINT NAME</u>	<u>COMPANY/AGENCY</u>
1.	JERRY PEROLA	GLATA
2.	EDUARDO MUNA	GIAA
3.	LARRY RIVERA	TMG
4.	JCALVO	GIAA
5.	CAVOC ADA	GIAA
6.	FE SINGH	DEWMS
7.	John Stewart	Shydevo Guam Inc.
8.	BENNY BAZA	GIAA
9.	Moana Lute	CSG
10.	R Faasnalie	GIAA MKTG
11.	Gerard BAUTISTA	ATM
12.	J. B. JACOBSON	PAW
13.	ROBERT CRUZADO	AV.
14.	THOMAS JOHNSON	Glimpses Publications
15.		



**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE  
A.B. WON PAT INTERNATIONAL AIRPORT AUTHORITY, GUAM**

**Thursday, August 27, 2015, 3:00 p.m.  
GIAA TERMINAL CONFERENCE ROOM #3**

**1. CALL TO ORDER AND ATTENDANCE**

The August 27, 2015 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 3:02 p.m. at the GIAA Terminal Conference Room #3, 355 Chalan Pasaheru, Tamuning, Guam, 96913.

**Directors Present:**

Edward G. Untalan  
Martin J. Gerber  
Gurvinder "Bic" Sobti  
Deedee S. Camacho  
Katherine C. Sgro  
Rosalinda A. Tolan

**Offices or positions:**

Chairman  
Vice Chairman

**Directors Absent:**

Lucy M. Alcorn (excused, off-island)

**GIAA Officials:**

Charles H. Ada II  
Peter Roy Martinez  
Jean M. Arriola  
Gerard Bautista  
Carlos Bordallo  
Benny Baza  
Robert D. Camacho  
Joseph Javellana  
Edward Muna II  
Joseph Calvo  
Rolenda Faasuamalie  
Larry Rivera

Executive Manager (EM)  
Deputy Executive Manager (DEM)  
Airport Services Manager  
Air Terminal Manager  
Comptroller  
ARFF Chief  
Chief of Airport Police  
Program Coordinator IV  
Airport Operations Superintendent  
Superintendent of Properties & Facilities  
Airport Marketing Administrator  
GIAA Business and Financial Consultant

Janalynn Cruz Damian, Esq.

GIAA Legal Counsel

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

## **2. APPROVAL OF AGENDA**

EM Ada requested to revise the agenda to allow item 5C - Air Service Development Strategy to precede items 5A and B, and to table item 6C - Award of Contract - Grass Cutting and Herbicidal Treatment Services - IFB No. GIAA-007-GY14.

Motion to approve the agenda with said changes duly made by Director Tolan, seconded by Director Sobti; motion unanimously passed.

## **3. APPROVAL OF MINUTES**

### **A. July 30, 2015 Regular Meeting**

No corrections or changes were recommended. On motion duly made by Director Sgro, seconded by Vice Chairman Gerber, the following resolution was unanimously passed:

#### **Resolution No. 15-42**

The Board hereby approves the minutes of the July 30, 2015 regular meeting, subject to corrections.

## **4. CORRESPONDENCE**

EM Ada II had no correspondence to report.

## **5. OLD BUSINESS**

### **A. Air Service Development Strategy**

Airport Marketing Administrator Rolenda Faasuamalie introduced Mr. Tony Griffin and Mr. Nigel Mayes of Aviation Strategy Management Group (ASM), GIAA's consultant for route development strategies, targets, and recommend actions that would result in new air services to Guam.

Mr. Mayes reported that Japan is the largest market to Guam, though gradually decreasing, while the South Korean market is rapidly growing. The most relevant strategy issue that Mr. Mayes and Mr. Griffin identified was diversification of Guam's market -- which would reduce reliance on the Japanese market. Particular focus was on the outbound Chinese travelers, and the numerous low-cost carriers (LCC) out of Asia. Presently, current low-cost traffic is from the South Korean routes. ASM believes that there is great potential for LCCs to cover a greater number of Asian routes. ASM's research has shown that the presence of LCCs does not negatively affect incumbent full service carriers.

ASM's main points as presented were: focus on more inbound passengers from China and South Korea, LCC development, talking with United Airlines in regard to its role on Guam, and possibly initiating discussions with American Airlines. Mr. Mayes ended with what he felt was the most important slide, the possible seventy (70) airlines that have to some degree, shown interest and were prospects able to serve Guam over the next five (5) years, starting as early as 2016.

**B. Status Updates of Capital Improvement Projects**

**i. Bond Capital Projects (Series 2013 Bond projects)**

Larry Rivera referred the Board to the handout regarding the current Airport projects and provided updates to the Board.

- International Arrivals Corridor with Building Seismic Upgrades. Second pre-bid conference held. Bid opening is scheduled for 2:00 p.m., September 25, 2015. Weekly meetings are held so that the designer and GIAA are all informed of updated information.
- Integrated Passenger Loading Bridge (PLB). Contract has been executed for Gate 21 replacement.

**ii. Capital Improvement Fund**

- Upgrade to Public Restrooms - Phase 5A. Material orders are being made. Demolition of the Customs restroom is ongoing.
- Rehabilitate Runway 6L/24R and ARFF Truck/RIV – Are complete and will be moved to the FAA Schedule UDO Grants.

**iii. FAA AIP Grant Projects – Undistributed Obligations (UDO)**

- Miscellaneous Airport Improvements - Phases 3 & 4 should be closed out by September 2015.
- Acquire one (1) 3,000-gallon Aircraft Rescue & Fire Fighting (ARFF) Vehicle. Vehicle has been received and grant will be closed out.

**C. Airport Property Development**

EM Ada informed the Board that the CIP sub-committee met on August 17 to discuss the draft legislation lifting the five-year term limit on aeronautical leases. Chairman Untalan suggested that before the draft legislation is submitted to the Oversight Chairman, Senator Tom Ada, that the CIP sub-committee meet with the Senator and that there be a reference sheet included that

highlights the differences in the original law to the Bill being proposed. The sub-committee also discussed the preparation of a Determination of Need for the entire Airport property inventory.

Mr. John Stewart, owner of SkyDive Guam, a longtime Airport tenant, was present to explain his investments and intended future plans to property development within the current five (5) year lease restriction. He also explained that he looks forward to the proposed amendment to lift the current five year lease restriction so that he can grow his business and have confidence in his long-term investments. EM Ada mentioned another party has expressed interest in developing a flight kitchen.

EM Ada then requested that the Board authorize Management to negotiate a five year lease with SkyDive Guam.

On motion duly made by Director Tolan, seconded by Director Sobti; the following resolution was unanimously approved:

**Resolution 15-43**

The Board hereby authorizes Management to negotiate and execute a ground lease with SkyDive Guam, within the five (5) year lease restriction, subject to legal counsel's review, and upon amendment of PL 32-40, to allow long-term lease for aeronautical activities, Management is authorized to revisit the terms of the agreement.

**D. Investment Advisor**

Comptroller Mr. Carlos Bordallo highlighted the positives of retaining an investment advisor by stating that the advisor would develop an investment policy which would protect Management and the Board, set an objective as to desired rate of return to measure performance of the advisor and investment managers, routinely monitor investments and performance of managers and provide reports to Management and the Board, monitor investment environment and recommend reallocations to GIAA's investment portfolio, and upon direction, review all funds and provide recommendations to Management and the Board on how to maximize return within investment criteria prescribed by Bond Indenture. The negative is the additional cost to retain an investment advisor in addition to investment managers. Mr. Bordallo recommended that Management issue a request for proposals for an investment advisor for a one year term with a termination clause at the Authority's discretion.

On motion duly made by Director Camacho, seconded by Director Sobti; the following resolution was unanimously approved:

**Resolution 15-44**

The Board hereby authorizes Management to issue a request for proposals for an investment advisor for a one year term with a termination clause at the Authority's discretion.

**6. NEW BUSINESS**

- A.** Approval of Grant Agreement - AIP Grant Number 3-66-0001-091-2015 - Acquire Aircraft Rescue & Fire Fighting (ARFF) Vehicles - \$1,251,000.00

For the acquisition of two (2) ARFF vehicles, specifically one (1) 3,000-gallon ARFF Vehicle and one (1) Rapid Intervention Vehicle (RIV). The units are replacements to older vehicles. The Grant offer is a 90/10 match, meaning the FAA Grant will cover 90% of the cost and the Authority will cover the remaining 10%.

On motion duly made by Director Sobti seconded by Director Camacho; the following Grant Offer was unanimously approved:

**Resolution No. 15-45**

The Board hereby approves the acceptance of the FAA Grant Agreement - AIP Grant Number 3-66-0001-091-2015 - Acquire ARFF Vehicles - \$1,251,000.00 and the conditions associated with said agreement.

EM Ada mentioned that the Authority received notice of another FAA grant in the amount of \$2M for the Noise Mitigation project for residents in the 65-69 DNL that is to be issued. \$1M is reimbursement for eleven (11) homes currently undergoing retrofitting. The second \$1M is a three (3) part process: upgrade the current program to meet new requirements, start the design for the zones, and update measurements of the map.

- B.** Approval of FY 2016 Operations and Maintenance Budget

The budget was presented by Comptroller Bordallo. In summary, cost per enplanements (CP) was brought down to \$15.51, a 1.8% drop from the current CP. Airlines were very receptive to the price drop. With the CP, the Authority is able to have a \$44.8M operating budget besides \$23M from debt service. The FY16 budget is a 3.5% increase over actual estimates and a 1.9% increase over FY15 adopted budget.

On motion duly made by Director Camacho, seconded by Director Sgro, the following resolution was unanimously approved:

**Resolution No. 15-46**

The Board hereby approves the FY16 Operations and Maintenance Budget as presented, subject to adjustments.

C. Award of Contract - Grass Cutting and Herbicidal Treatment Services – Tabled for Executive Session.

**7. REPORT OF THE EXECUTIVE MANAGER**

Reference is made to the written Executive Manager's Report included as part of the Board's packet, which was presented by EM Ada.

**8. REPORT OF THE COMPTROLLER**

Comptroller Bordallo reported on the revenues and expenses of the Authority as of **July 31, 2015**. Mr. Bordallo reported that year-to-date Total Signatory Revenues are below budgeted revenues by **-1.4%**, year-to-date Total Concession Revenues and Passenger Facility Charges are under budget by **0.6%** and **-4.7%**, respectively. Year-to-date Total Other Revenues, inclusive of non-signatory and non-airline revenues are above the budget estimate by **13.5%**. Year-to-date Total Operating Revenues Actual of **\$58.2M** is **2.1%** above the budget estimate of **\$57.0M**. Year-to-date Total Operating Expenses are below budget by **-14.0%**. Components of this line item include a **-8.7%** decrease in Personnel Service, a **-14.4%** decrease in Contractual Services, a **-55.6%** decrease in Materials & Supplies and **-100.0%** decrease in Equipment/Furnishings from budgeted amounts for these respective categories. The actual year-to-date Net Revenues from Operations of **\$27.1M** reflects an increase of **29.9%** over the year-to-date budgeted amount of **\$20.8M**. Mr. Bordallo reported that the year-to-date Debt Service Coverage is at **1.55** versus the requirement of **1.25**.

**9. PUBLIC COMMENTS**

There were no public comments.

**10. EXECUTIVE SESSION**

Upon written recommendation of counsel, on motion duly made by Director Tolan, seconded by Director Sgro, and unanimously approved, the Board recessed to convene into Executive Session at 4:45 p.m. to discuss pending or threatened litigation to which GIAA is or may be a party. Attending Executive Session were members of the Board, EM Ada, and legal counsel.



On motion duly made by Director Sgro, seconded by Vice Chairman Gerber, and unanimously approved, Executive Session adjourned at 5:27 p.m., at which time the Board reconvened regular session.

On motion duly made by Vice Chairman Gerber, seconded by Director Sgro, the following resolution was unanimously passed:

**Resolution No. 15-47**

With regard to the award of IFB No. GIAA-007-FY14 for Grass Cutting and Herbicidal Treatment Services for the Air Operations Area ("AOA") and North Tiyan, the Board hereby authorizes the Executive Manager to negotiate a settlement with the bidder awarded, and if settlement is unsuccessful to proceed with termination of the contract and then contract award to the next lowest bidders for the AOA and North Tiyan areas.

Legal counsel then requested that the Board approve and authorize payment for three (3) July invoices for legal services that exceed the monthly cap.

On motion duly made by Director Sobti, seconded by Director Camacho, the following resolution was unanimously approved:

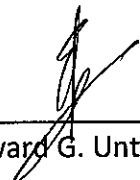
**Resolution No. 15-48**

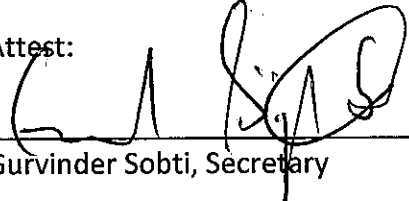
The Board hereby authorizes the Authority to issue payment to Calvo Fisher & Jacob LLP, legal counsel, for three (3) July invoices that exceed the monthly cap, totaling approximately \$19,000.00.

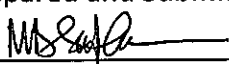
**11. ADJOURNMENT**

Motion to adjourn duly made by Director Tolan, seconded by Director Camacho; motion unanimously passed. The meeting was adjourned at 5:30 p.m.

Dated this 30<sup>th</sup> day of September, 2015.

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

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

Prepared and Submitted By  
  
\_\_\_\_\_  
Maria DeVille Sablan, Corresponding Secretary