

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE
A.B. WON PAT INTERNATIONAL AIRPORT AUTHORITY, GUAM
Friday, October 18, 2024, 3:00 p.m.
GIAA CONFERENCE ROOMS 1 & 2**

1. CALL TO ORDER AND ATTENDANCE

The October 18, 2024 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 Vice Chairman Gurvinder Sobti at 3:15 p.m. at the GIAA Terminal Conference Rooms 1 & 2, 355 Chalan Pasaheru, Tamuning, Guam, 96913.

Directors Present:

Gurvinder S. Sobti
Lucy M. Alcorn
Rosie R. Tainatongo
Doyon A. Morato
Jesse G. Garcia

Offices or positions:

Vice Chairman

Directors Absent:

Brian J. Bamba
Donald I. Weakley

Chairman
Board Secretary

GIAA Officials:

John M. Quinata
Artemio R. Hernandez, Ph.D.
Dafne Mansapit Shimizu
Jean M. Arriola
Juan S.A. Reyes, A.C.E.
Rolenda Faasuamalie
Audie Artero
Ken McDonald
Vanessa Pangindian

Executive Manager
Deputy Executive Manager
Comptroller
Airport Services Manager
Air Terminal Manager
Airport Marketing Administrator
Engineer Supervisor
Properties & Facilities Superintendent
Property Management Office

William Brennan
Frank R. Santos

Arriola Law Firm, GIAA Legal Counsel
TMG, GIAA Consultant

Vice Chairman Sobti 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

At this time Vice Chairman Sobti advised that there are amendments to the agenda, to switch New Business items 6B and 6C and table items 6E and 9A.

On motion duly made by Director Garcia, seconded by Director Tainatongo, the following resolution was unanimously passed:

Resolution No. 25-04

The Board hereby amends the agenda as recommended, to switch New Business items 6B and 6C and table items 6E and 9A.

3. APPROVAL OF MINUTES

- A. September 26, 2024 - Regular Meeting
- B. October 8, 2024 – Special Meeting
- C. October 8, 2024 – Special Meeting (Reconvened)

On motion duly made by Director Morato, seconded by Director Alcorn, the following resolution was unanimously passed:

Resolution No. 25-05

The Board hereby approves the minutes of the September 26, 2024 Regular Meeting, October 8, 2024 Special Meeting and October 8, 2024 Reconvened Meeting, subject to corrections.

4. CORRESPONDENCE

Executive Manager Quinata advised there was no Correspondence to report.

5. OLD BUSINESS

Executive Manager Quinata advised there was no Old Business to present.

6. NEW BUSINESS

- A. Signatory Airline Lease and Operating Agreements

The first item discussed by the Board was the Signatory Airlines Operating Agreement and Terminal Building Leases between Air Busan, Air Seoul, China Airlines, Japan Airlines, Jeju Air, Jin Air, Korean Air, Philippine Air, T'Way, United Airlines and A.B. Won Pat International Airport Authority, Guam (GIAA). Deputy Executive Manager Hernandez provided brief background, informing the Board that in 2019, GIAA entered into separate Signatory Airlines Operating Agreement and Terminal Building Leases (AOA) with all Signatory Airlines serving the Airport. The term of the AOA was for a period of five (5) years commencing October 1, 2019, and expiring September 30, 2024, and operate today under holdover status, pending a fully executed Agreement.

GIAA will again enter into separate and substantially similar AOA Agreements with all Signatory Airlines serving the Airport. The Deputy Executive Manager announced a number of key terms and provisions to include Rates and Charges, Gate Assignments and the Term, of five (5) years, commencing October 1, 2024, through September 30, 2029.

A meeting with Signatory Airlines was held on July 24, 2024, at which GIAA discussed the proposed FY25 budget and the Signatory Airline Agreement renewal. GIAA presented to the airline carriers the renewal of the Signatory Airline agreement with substantially similar terms and conditions with an update on the FAA required provisions on Exhibit F of the agreement. The Signatory Airlines desire to renew the Agreement for a 5-year term to commence on October 1, 2024, and expiring on September 30, 2029.

Management recommends that the GIAA Board of Directors approve renewal of all Signatory Airline Operating Agreements and Terminal Building Leases for a period of five (5) years commencing on October 1, 2024, through September 30, 2029, with an option to renew for another 5-year period, subject to applicable law.

Director Morato inquired if there were any changes to the fees. Deputy Executive Manager Hernandez replied that there are no real changes between the agreement that expired on September 30, 2024, and the new agreement. It was only the FAA required provisions that needed to be included. He also commented that the airport is also open to new airlines that are willing to sign and commit.

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

Resolution No. 25-06

The Board hereby approves the Signatory Airline Lease and Operating Agreements, as presented.

B. Bank Account(s) Opening Authorization

The next item requiring Board action, was a resolution relative to authorizing GIAA to open two separate bank accounts for Antonio B. Won Pat International Airport Authority, Guam. The Comptroller presented the resolution for the Board's consideration, stating that one account is a Trust account and the other is a Savings account, both at the Bank of Guam. The purpose of the accounts is to house local and federal funds for which segregation is required. A brief discussion followed relative to funding, with the Comptroller adding that there will be no change to signatories on bank accounts.

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

Resolution No. 25-07

WHEREAS, THE ANTONIO B. WON PAT INTERNATIONAL AIRPORT AUTHORITY, GUAM ("GIAA") desires to establish two separate bank accounts to segregate certain funds that may now be or may in the future be in the possession of and/or administered by GIAA for certain purposes.

NOW THEREFORE, BE IT RESOLVED, the Board of Directors of GIAA ("Board") hereby authorizes the establishment of establish two separate bank accounts: (1) a savings account which can only be used for law enforcement purposes that directly supplement GIAA's appropriated resources,

and (2) a trust account, to segregate funds that shall be used to pay for the renovations of the Customs and Quarantine Agency Premises at GIAA.

BE IT RESOLVED FURTHER, that one of the signatories that may be required to open up such bank accounts shall be any one of the following: the Chairman, Vice Chairman, the Executive Manager, the Deputy Executive Manager, the Comptroller.

BE IT RESOLVED FURTHER that the individuals previously designated and authorized by the Board as signatories for GIAA Bank Accounts shall have the same authority over and in relation to the accounts authorized to be opened herein, and that any change to the individuals designated and authorized by the Board as signatories in the future shall apply to these accounts without further act of the Board.

C. Specialty Retail Concession Amendment

The next item requiring Board action was the Specialty Retail Concession amendment. Deputy Executive Manager Hernandez provided background, informing the Board that Lotte Duty Free Guam, LLC ("Lotte") since December 2023 has requested rent relief assistance due to slower than anticipated tourism recovery. The Deputy Executive Manager added that in 2023 as approved by the legislature, Lotte and GIAA negotiated a three (3) year extension, with the approval of the Legislature, at which time there were expectations of recovery by FY2025 and FY2026. Although the Airport has seen a 20% increase in enplanements, GIAA closed the FY2024 budget approximately 45% below pre-pandemic enplanement levels. Deputy Executive Manager Hernandez presented to the Board four (4) items of relief assistance: adjusted enplaned passenger fee, reduction of utility costs, adjustment of minimum capital investment and warehouse storage space.

A brief discussion followed relative to the calculation of enplanements and Gucci Boutique.

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

Resolution No. 25-08

WHEREAS, as a result of the damage and uncertainty caused by the COVID-19 pandemic, Typhoon Mawar, and other geopolitical issues and hardships that have arisen over the past several years, Guam's economic recovery, particularly within the travel and retail sectors, has been much slower than anticipated. Compared to the period from January to August 2019 before the COVID-19 pandemic, the recovery rate for the period from January to August 2024 is only 46% in tourist numbers and 39% in specialty retail sales at the Airport.

WHEREAS, Lotte Duty Free Guam, LLC ("Lotte"), the Authority's specialty retail concessionaire, has been seeking financial relief from the Authority as it navigates the financial challenges associated with the prolonged recovery of Guam's tourism industry.

WHEREAS, the Board of Directors finds that it is in the best interest of the Authority to assist Lotte by providing relief as approved herein.

BE IT RESOLVED, by the Board of Directors of the Antonio B. Won Pat International Airport Authority, Guam, as follows:

Section 1. The Board hereby authorizes the Authority to extend financial relief to Lotte under its Concession Agreement, as amended, in accordance with the following terms (collectively “Relief Terms”):

a. Adjusted Enplaned Passenger Fee as follows:

Period	Number of Enplaned Passengers (cumulative)	Enplaned Passenger Fee
July 2024 – September 2024	N/A	\$4.00
October 2024 – September 2025	Up to 1,270,000	\$3.00
	Over 1,270,000	\$4.00
October 2025 – July 20, 2026	Up to 886,000	\$3.00
	Over 886,000	\$4.00

b. Reduction of utility costs beginning October 1;

c. Adjustment of minimum capital investment to less than \$2,000,000, inclusive of the expansion of the Gucci boutique (“Minimum Capital Investment”). Approximately \$2,000,000 of the Minimum Capital Investment shall be depreciated/amortized over a period of not more than the five (5) years beginning on March 1, 2025, on a straight-line basis with no salvage value. For the next competitive solicitation for the Specialty Retail Concession, any unamortized amount at July 20, 2026 shall be paid by the subsequent concessionaire;

d. The warehouse storage space currently occupied by Lotte shall be included as Storage Space under the Concession Agreement.

Section 2. The Board hereby authorizes the Authority to enter into an amendment of the Concession Agreement that is in accordance with the Relief Terms and the Executive Manager, and the Deputy Executive Manager are each singly hereby authorized and directed to execute such amendment.

Section 3. Management is authorized to do all things necessary and proper to implement this resolution.

Section 4. This resolution shall take effect from and after its adoption.

D. Air Service Development Incentive Program Update

Deputy Executive Manager Hernandez announced that Board action is requested to approve the GIAA Air Service Development Incentive Program amendment. The program objectives are to

attract new entrant air carriers for passenger service to domestic and international routes and/or to expand or increase incumbent air carrier's passenger services to new or existing destinations all toward encouraging the growth of revenue enplaning passengers at the Airport.

On March 7, 2024, the Board approved the GIAA Air Service Development Incentive Program (ASDIP). Since the inception of the program, one signatory carrier has availed of the incentive program in its launch of daily flights from a previously unserved market. In order to foster direct air services to Guam, program amendments are needed to provide criteria that expands eligibility to a wider catchment area beyond primary markets beyond Japan and Korea, that include Taiwan, Southeast Asia and the US West Coast.

Management recommends amending the GIAA ASDIP as follows:

1) MINIMUM WEEKLY FREQUENCY

Non- Stop Short- Medium Haul Flights (< 6 hours)

Incentives applies to eligible air service with a minimum frequency of one (1) flight per week for short – medium haul flights

Non-Stop Long-Haul Flights (>6 hours)

Incentives apply to eligible air service with a minimum frequency of one (1) flight per week for long- haul flights.

- 2) Rates and Charges Discount: Incentives applies to operational rates and charges published in the Airport Tariff Schedule in effect at the time of inaugural service and limited to the Airfield Use (Landing) fee, Loading Bridge Use, Immigration Inspection, Arrivals and Departure Fees only. Additional incentives may be provided based on a case-by-case basis subject to review by the Federal Aviation Administration to include marketing support, fuel flowage fees, and terminal rents.

Non- Stop Short- Medium Haul Flights (<6 hours):

- The cumulative percentage discount of up to 50% for the first year of operations is applicable to the operational rates and factors including, but are not limited to, aircraft capacity, non-peak operational schedule, and load factors. Airfield Use (Landing) fee may be eligible for up to 75% of operational rates in effect.
- For air carriers that are eligible to execute a Signatory Airline Lease and Operating Agreement for up to two (2) years, the cumulative discount for the first year is up to 50% and may be eligible for additional discounts of up to 75% for the second year of operations.

Non-Stop Long-Haul Flights (>6 hours):

- The cumulative percentage discount of up to 100% for the first year of operations is applicable to the operational rates and factors including, but are not limited to, aircraft capacity, non-peak operational schedule, and load factors.

- For air carriers that are eligible to execute a Signatory Airline Lease and Operating Agreement for up to two (2) years, the cumulative discount for the first year is up to 100% and may be eligible for additional discounts of up to 75% for the second year of operations

Other:

- For existing GIAA signatory airlines, incentives for existing routes may be provided on a case-by-case basis and discounts of up to 50% may be applicable subject to negotiations.
- Additional incentives may be provided on a case-by case basis subject to review by the Federal Aviation Administration to include marketing support, fuel flowage fees, and terminal rents.
- The incentive will be computed and applied on an annual basis pursuant to airline budgeted projections and actual operational activity reports for the prior year.

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

Resolution No. 25-09

The Board hereby approves the GIAA Air Service Development Incentive Program (ASDIP) amendment, as presented.

E. FY2025 Rates and Charges Update – TABLED

7. REPORT OF THE EXECUTIVE MANAGER

Reference is made to the Executive Manager's Report included as part of the Board's packet, which was presented by the Executive Manager Quinata. The report included brief updates on Airline activity, CIPs, Airport updates, Regulatory updates and other announcements.

8. REPORT OF THE COMPTROLLER

Ms. Dafne Mansapit Shimizu, Comptroller advised that there is no Comptroller report to present at this time due to closing of the books of FY024 and advised that a Comptrollers report will be presented the next regular Board meeting.

9. EXECUTIVE SESSION

- A.** DFS Guam L.P. related litigation to which GIAA is or may be a party (5 GCA § 8111(c)). – *TABLED*

- B.** Civil Service Commission Case No. 20-AA05T, in the Matter of P. Kim

Upon written recommendation of Counsel, on motion duly made by Director Garcia, seconded by Director Tainatongo, and unanimously approved, the Board recessed to convene into Executive Session at 4:17 p.m.

The Board convened into Executive Session at 4:22 p.m. to discuss Civil Service Commission Case No. 20-AA05T, in the Matter of P. Kim. Attending Executive Session were Directors Sobti, Weakley, Alcorn, Morato, Tainatongo, Garcia, Executive Manager Quinata, and GIAA Legal Counsel, William Brennan. Also present was the court reporter who will prepare a transcript of the Executive Session. Executive Session ended at 5:25 p.m.

All Board members were present in the conference room. Regular Session began at 5:32 p.m.

Based on discussion during Executive Session, there was an item requiring Board approval.

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

Resolution No. 25-10

The Board hereby authorizes Management to take action relative to Civil Service Commission Case No. 20-AA05T, in the Matter of P. Kim, consistent with the discussion during Executive Session.

10. PUBLIC COMMENTS

There were no Public Comments.

11. ADJOURNMENT

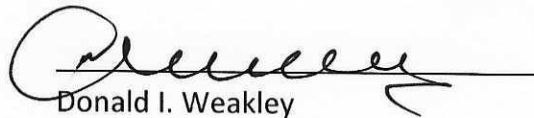
Motion to adjourn duly made by Director Tainatongo, seconded by Director Alcorn; motion unanimously passed. The meeting was adjourned at 5:33 p.m.

Dated this 27th, day of November, 2024.



Brian J. Bamba
Chairman

Attest:



Donald I. Weakley
Board Secretary

Prepared and Submitted By:



Wana Wintterle
Corresponding Secretary

BOARD OF DIRECTORS REGULAR MEETING

3:00 p.m., Friday, October 18, 2024

GIAA CONFERENCE ROOMS 1 & 2

Videoconference and Live Streamed via: <https://www.guamairport.com> or
<https://www.guamairport.com/corporate/about-our-airport/board-of-directors/airport-board-meeting>

Public Notice

First Notice:

The Guam Daily Post – October 11, 2024

Notice to Media – October 11, 2024

Second Notice:

The Guam Daily Post – October 16, 2024

Notice to Media – October 16, 2024

AGENDA

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2. Approval of Agenda
3. Approval of Minutes
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 - C. October 8, 2024 Reconvened Meeting
4. Correspondence - None
5. Old Business – None
6. New Business
 - A. Signatory Airline Lease and Operating Agreements
 - B. Specialty Retail Concession Amendment
 - C. Bank Account(s) Opening Authorization
 - D. Air Service Development Incentive Program Update
 - E. FY2025 Rates and Charges Update
7. Report of Executive Manager
 - A. Airport Updates
 - B. Announcements
8. Report of Comptroller
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 - B. Civil Service Commission Case No. 20-AA05T, in the Matter of P. Kim
10. Public Comments
11. Adjournment



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WE'RE ON IT
24/7

A.B. WON PAT INTERNATIONAL AIRPORT AUTHORITY, GUAM
Board of Directors Regular Meeting
3:00 p.m., Friday, October 18, 2024
GIAA Terminal Conference Rooms 1 & 2

SIGN-IN SHEET

PRINT NAME

COMPANY/AGENCY

- | | |
|-------------------------------|-------------------------|
| 1. <u>Dafne M. Shimizu</u> | <u>GIAA Accounting</u> |
| 2. <u>Juan Reyes</u> | <u>GIAA Operations</u> |
| 3. <u>Rolenda Faasuamalie</u> | <u>GIAA Marketing</u> |
| 4. <u>Audie Artero</u> | <u>GIAA Engineering</u> |
| 5. <u>Ken McDonald</u> | <u>GIAA P&F</u> |
| 6. <u>Vanessa Pangindian</u> | <u>GIAA PMO</u> |
| 7. _____ | _____ |
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| 19. _____ | _____ |
| 20. _____ | _____ |

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BOARD OF DIRECTORS REGULAR MEETING

Friday, October 18, 2024 at 3:00 PM in Terminal
Conference Rooms 1 & 2 and by Videoconference and
Live Streamed via GIAA website:

www.guamairport.com or

<https://www.guamairport.com/corporate/about-our-airport/board-of-directors/airport-board-meeting>

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2. Approval of Agenda
3. Approval of Minutes
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 - C. October 8, 2024 Reconvened Meeting
4. Correspondence - None
5. Old Business - None
6. New Business
 - A. Signatory Airline Lease and Operating Agreements
 - B. Specialty Retail Concession Amendment
 - C. Special Bank Account(s) Opening Authorization
 - D. Air Service Development Incentive Program Update
 - E. FY2025 GIAA Rates and Charges Update
7. Report of Executive Manager
 - A. Airport Updates
 - B. Announcements
8. Report of Comptroller
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 - A. DFS Guam L.P. related litigation to which GIAA is or may be a party (5 GCA § 8111(c)).
 - B. Civil Service Commission Case No. 20-AA05T, in the Matter of P. Kim
10. Public Comments
11. Adjournment

Parking is available in the Public Parking Lot. Call the Board Office at (671) 642-4717/18 for special accommodations, auxiliary aids, or services. This ad is paid for by GIAA.



Notice of Bar Examination

The Guam Board of Law Examiners is accepting applications for the
February 2025 Guam Bar Examination.

Bar Applications and the Guam Rules Governing Admission to the Practice of Law are available on the Supreme Court website at: www.guamsupremecourt.com or at the Supreme Court of Guam Clerk's Office - Suite 300, Guam Judicial Center, Hagåtña, Guam.

Bar Examination Dates:
February 26 & 27, 2025

Applications must be received by:

Timely Filing Deadline:
December 2, 2024, 4:00 p.m.

Regular Exam: \$800.00 application fee
Attorney's Exam: \$1,250.00 application fee

Late Filing Deadline:
January 2, 2025, 4:00 p.m.

Regular Exam: \$800.00 application fee plus \$250.00 late fee
Attorney's Exam: \$1,250.00 application fee plus \$250.00 late fee

For more information, you may contact:

Hannah Gutierrez Arroyo, Esq.
BOARD OF LAW EXAMINERS
Supreme Court of Guam
Suite 300, Guam Judicial Center
120 West O'Brien Drive Hagåtña, Guam 96910-5174
Office hours: 8:00 a.m. - 4:00 p.m.
Telephone: (671) 475-3120, Facsimile: (671) 475-3140
Email: bole@guamcourts.gov



SPEAKER THERESE M. TERLAJE
Committee on Health, Land, Justice & Culture
I Mina'trentai Siette na Liheslaturan Guåhan

NOTICE OF PUBLIC HEARING • MONDAY, OCTOBER 14, 2024
Guam Congress Building, Public Hearing Room
AGENDA

9:00 AM:

- **Bill No. 351-37(COR)-** Frank Blas, Jr. / Joanne M. Brown- AN ACT TO ADD A NEW SECTION 7.11 TO 9 GUAM CODE ANNOTATED CHAPTER 7 RELATIVE TO EXCEPTION FOR CRIMINAL LIABILITY REGARDLESS OF JUVENILE STATUS, AND TO AMEND SECTION 5106 OF 19 GUAM CODE ANNOTATED CHAPTER 5 RELATIVE TO THE JURISDICTION OF THE SUPERIOR COURT OF GUAM AS PROVIDED FOR IN SECTION 7.11 OF 9 GUAM CODE ANNOTATED CHAPTER 7.

The public is invited to provide oral testimony on the agenda items. Written testimony may be submitted to senatorterlajeguam@gmail.com or hand delivered to the Office of Speaker Therese M. Terlaje at the Guam Congress Building. In compliance with the Americans with Disabilities Act, individuals requiring special accommodations should contact the Office of Speaker Terlaje at (671) 472-3586 or senatorterlajeguam@gmail.com. All hearings broadcast on GTA TV Channel 21, Docomo Channel 117 and livestreamed on the Guam Legislature YouTube: <https://www.youtube.com/c/GuamLegislatureMedia>. This Ad was paid with Legislature Funds.



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Guam Memorial Hospital Authority
Aturidat Espetât Mimuriat Guahan
 850 Gov. Carlos G. Camacho Rd.
 Tamuning, Guam 96913



INVITATION FOR BID

GMHA IFB No. 001-2025: **Purchase and Installation of Hemodialysis Machines with Reverse Osmosis Machines**

Submission Due: 13:00 p.m. ChST, Thursday, October 31, 2024

Opening Time: 13:15 p.m. ChST, Thursday, October 31, 2024

All bids must be sealed, submitted in duplicate, and received by the Materials Management Department by the assigned due date. Hard Copies are available until the submission date at the same department for a non-refundable fee of \$25.00 per set or can be downloaded from the GMHA website at www.gmha.org. Request for Information are due before 4:00 p.m. CST, Monday, October 21, 2024. Funding is made available via the American Rescue Plan Act (ARPA).

All interested firms must register with the GMHA Materials Management Department to participate in the bid. For assistance, you may call (671) 647-2165. Registration is required to ensure that all Amendments or Notices are communicated to all bidders throughout the bid process. GMHA shall not be liable for failure to provide notice to any party that did not register contact information with GMHA.

For more information, please visit our public information page at www.gmha.org.

/s/ Lillian Perez-Posadas RN, MN
 Hospital Administrator/CEO

This advertisement was paid with GMHA Operational funds

McDONALD LAW OFFICE, LLC

173 Aspinall Avenue, Suite 207A
 Hagåtña, Guam 96910
 Telephone: (671) 588-8866
 Facsimile: (671) 472-9616
 Email: guam@mcdonaldlaw.com
 Attorneys for Petitioner
 Carlyn Torres

IN THE SUPERIOR COURT OF GUAM
IN THE MATTER OF THE ESTATE OF
ALEXANDER AGUON QUINTANILLA, JR.,
 Deceased,
 BY
CARLYN TORRES,
 Petitioner.

PROBATE CASE NO. PRO153-24
NOTICE OF HEARING ON INVOLUNTARY
PETITION FOR LETTERS OF
ADMINISTRATION AND PROBATE

THIS NOTICE IS REQUIRED BY LAW. YOU ARE NOT
 REQUIRED TO APPEAR IN COURT UNLESS YOU DESIRE.

1. NOTICE IS HEREBY GIVEN that CARLYN
 TORRES has filed an Involuntary Petition for
 Letters of Administration and Probate.

2. A hearing on this Petition is set for October
 23, 2024 at 9:30 a.m. of the said date, in the
 courtroom at the Superior Court of Guam,
 Hagåtña, Guam.

Dated: SEPTEMBER 12, 2024

JANICE M. CAMACHO-PEREZ, ESQ.
 Clerk of Court/Superior Court of Guam
 BY: /s/ Pauline I. Untalan
 Chamber/Courtroom Clerk

You may appear in person at the Courtroom of Judge Dana A.
 Gutierrez, 120W. O'Brien Drive, Hagåtña, Guam or you may participate
 via Zoom by logging onto <https://guamcourts-00g.zoom.us> and enter
 the Meeting ID: 839 7874 0380 and Passcode: 189701. For
 technical assistance, please call (671) 475-3207 five (5) minutes prior
 the designated hearing time.

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A.S. WONG PART INTERNATIONAL AIRPORT GUAM



BOARD OF DIRECTORS REGULAR MEETING

Friday, October 18, 2024 at 3:00 PM in Terminal
 Conference Rooms 1 & 2 and by Videoconference and
 Live Streamed via GIAA website:

www.guamairport.com or

<https://www.guamairport.com/corporate/about-our-airport/board-of-directors/airport-board-meeting>

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 Office at (671) 642-4717/18 for special accommodations,
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 or call 671-649-1924

NOTICE OF SALE UNDER MORTGAGE

NOTICE IS HEREBY GIVEN, pursuant to Section 36113 of Title 18 of the Guam Code Annotated, that the Mortgage ("Mortgage") executed and delivered by BARBARA JEAN GUERRERO, as mortgagor (the "Mortgagor") to FIRST HAWAIIAN BANK, a Hawaii Corporation, as mortgagee (the "Mortgagee") upon the real property described therein, which Mortgage was dated December 2, 2016 and duly recorded December 7, 2016, in the Department of Land Management, Government of Guam, under Instrument Number 900658, and which Mortgage secures the obligations of said Mortgagor, will be foreclosed pursuant to a power of sale contained in the Mortgage by sale of the premises encumbered by such Mortgage, as hereinafter described, to the highest bidder at public auction at the MAYOR'S OFFICE, Municipality of DEDEDO, Guam, to satisfy the amount due on such Mortgage on the day of sale. The sale is set for 11:00 A.M. on WEDNESDAY, OCTOBER 23, 2024. The terms of the sale are strictly cash, or certified or cashier's check payable to First Hawaiian Bank.

The sale will be made as-is and without covenant or warranty, express or implied, regarding title, possession, rights of redemption or encumbrances. The premises that are described in such Mortgage and that will be sold to satisfy the Mortgage are as follows:

LOT 6, BLOCK 2, DEDEDO, GUAM, ESTATE NUMBER 125, URBAN, as said Lot is described in that U.S. Naval Government of Guam Land and Claims Commission Property Map Dededo Village, dated 31 July 47 and recorded on 04 May 48 under Miscellaneous No. 19 at Land Management.

AREA: 761.35 ± Square Meters.

THIS LAND IS REGISTERED LAND.

LAST CERTIFICATE OF TITLE NUMBER: 12935.

LAST KNOWN REGISTERED OWNER(S) BEING: Gabriel C. Guerrero and his wife Dolores L. Guerrero

The undersigned are attorneys for the lawful owner of such Mortgage and the Note (the "Note") secured thereby. Mortgagor has defaulted in the performance of the terms and conditions of the Note and Mortgage, and Mortgagee claims the sum of ONE HUNDRED THIRTY-EIGHT THOUSAND SEVEN HUNDRED SIX AND 53/100 DOLLARS (\$138,706.53), comprised of principal in the sum of One Hundred Thirty-One Thousand Five Hundred Eighty-Four and 50/100 Dollars (\$131,584.50), accrued interest of Four Thousand Seventy-Five and 64/100 Dollars (\$4,075.64), late charges of Two Hundred Sixty-Four and 36/100 Dollars (\$264.36), NSF charge of Forty and 00/100 Dollars (\$40.00), Recording Fee of Twenty and 00/100 Dollars (\$20.00), and escrow advance of Two Thousand Eight Hundred Seventeen and 03/100 Dollars (\$2,817.03), less suspense balance of Ninety-Five and 00/100 Dollars (\$95.00), all as of September 19, 2024, plus additional interest upon the unpaid principal thereon at the rate of 3.875% per annum and late charges accruing after September 19, 2024, all in accordance with the terms of said Note and Mortgage, plus costs of sale and attorneys' fees.

Mortgagee reserves the right to withdraw this notice, to credit bid, to reject any bid or to accept only the highest bid, and to postpone the sale from time to time in the sole discretion of Mortgagee.

DATED this 23rd day of September, 2024.

BLAIR STERLING JOHNSON & MARTINEZ
 A PROFESSIONAL CORPORATION

BY /s/ **RICHARD L. JOHNSON**
 Attorneys for First Hawaiian Bank

ACKNOWLEDGMENT

GUAM, U.S.A.)
) ss.:
 MUNICIPALITY OF)
 TAMUNING)

ON THIS 23rd day of September, 2024, before me the undersigned notary, personally appeared **RICHARD L. JOHNSON**, known or identified to me to be an attorney in the law firm of **BLAIR STERLING JOHNSON & MARTINEZ**, A Professional Corporation, attorneys for **FIRST HAWAIIAN BANK**, whose name is subscribed to the foregoing **NOTICE OF SALE UNDER MORTGAGE**, and acknowledged to me that he executed the same on behalf of said corporation, in such capacity, being fully authorized to do so, and for the uses and purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

/s/ **JENNIFER D.S. MENDIOLA**
 NOTARY PUBLIC
 In and for Guam, U.S.A.

My Commission Expires: APR. 12, 2025
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 649-1924

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE
A.B. WON PAT INTERNATIONAL AIRPORT AUTHORITY, GUAM
Thursday, September 26, 2024, 2:00 p.m.
GIAA CONFERENCE ROOMS 1 & 2**

1. CALL TO ORDER AND ATTENDANCE

The September 26, 2024 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 Brian Bamba at 3:03 p.m. at the GIAA Terminal Conference Rooms 1 & 2, 355 Chalan Pasaheru, Tamuning, Guam, 96913.

Directors Present:

Brian J. Bamba
Gurvinder S. Sobti
Donald I. Weakley
Rosie R. Tainatongo
Doyon A. Morato
Jesse G. Garcia

Offices or positions:

Chairman
Vice Chairman
Board Secretary

Directors Absent:

Lucy M. Alcorn

GIAA Officials:

John M. Quinata
Artemio R. Hernandez, Ph.D.
Dafne Mansapit Shimizu
Jean M. Arriola
Joseph Javellana
Ken McDonald

Executive Manager
Deputy Executive Manager
Comptroller
Airport Services Manager
Property Management Office
Properties & Facilities Superintendent

William Brennan
Frank R. Santos

Arriola Law Firm, GIAA Legal Counsel
TMG, GIAA Consultant

Chairman Bamba 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

At this time Chairman Bamba advised that item 9A will be tabled.

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

Resolution No. 24-64

The Board hereby tables item 9A, DFS Guam L.P. related litigation to which GIAA is or may be a party (5 GCA §8111(c)).

On motion duly made by Chairman Bamba, seconded by Director Garcia, the following resolution was unanimously passed:

Resolution No. 24-65

The Board hereby approves the agenda of the September 26, 2024 regular meeting, subject to corrections.

3. APPROVAL OF MINUTES

- A. September 10, 2024 - Regular Meeting
- B. September 19, 2024 – Special Meeting

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

Resolution No. 24-66

The Board hereby approves the minutes of the September 10, 2024 regular meeting, and the September 19, 2024 special meeting, subject to corrections.

4. CORRESPONDENCE

Executive Manager Quinata advised there was no Correspondence to report.

5. OLD BUSINESS

- A. Approval of Award for GIAA Apron East Operations Area - Phase II – IFB No. GIAA-C06-FY24

The first item requiring Board action was the approval of the award for Invitation for Bid (“IFB”) No. GIAA-C06-FY24 for the GIAA East Apron Operations Area Restoration – Phase II. Deputy Executive Manager Hernandez provided background information to the Board on the referenced IFB. Twenty-one (21) firms and/or individuals downloaded the IFB package and four (4) firms submitted a bid prior to the bid submission deadline. The bids were opened publicly and read aloud by the Supply Management Administrator and recorded by a member of the Procurement staff. The result of the submitted bids are as follows in the order that they were received and opened:

Bidder	Total Bid Amount
Pacific Federal Management, Inc.	\$2,869,407.14
SE Construction Corporation	\$1,332,650.00
Cabras Marine Corporation	\$1,944,078.72
Polyphase System, Inc.	\$1,136,830.00

All bids received were determined to be responsive and all bidders have met the standards of responsibility as set forth in the Guam Procurement Law and Regulations. The government estimate for this project was \$1,704,453.82 (“government estimate”).

Upon Board approval, award will be processed through the issuance of a contract in conformance with the Guam Procurement Law and Regulations, subject to legal review. The Project is funded through Capital Improvement Plan funds.

Management recommends award of the GIAA Apron East Operations Area Restoration – Phase II in the amount of \$1,332,650.00 to SE Construction Corporation, who is the lowest bidder that has met the standards of responsibility and responsiveness outlined in Guam Procurement Law and Regulations.

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

Resolution No. 24-67

The Board hereby approves the contract award for GIAA East Apron Operations Area Restoration – Phase II under IFB No. GIAA-C06-FY24 to SE Construction Corporation, in the amount of \$1,332,650.00, subject to review by legal counsel.

6. NEW BUSINESS

A. Ratification of FAA Grant Agreement No. 3-66-0001-124-2024 – Rehabilitate Apron

The next item discussed by the Board was FAA Grant Agreement No. 3-66-0001-124-2024 – Rehabilitate Apron. Mr. Frank Santos presented the FAA Grant Agreement for ratification by the Board. The grant is in the amount of \$10,606,951.00, and is a 90% FAA, 10% GIAA share. Airports share to be appropriated is \$1,178,550.00.

*Legal Counsel, William Brennan announced that the live stream was interrupted at 3:18 pm., and confirmed that the Airport was experiencing technical difficulties with the internet. The livestream was restored at 3:22 p.m. Airport staff made efforts to contact anyone that was in

attendance via the live stream. Legal Counsel confirmed that no business was conducted while off-line and the Board allowed time for the public to rejoin via livestream before continuing with the meeting. Discussion began with Mr. Frank Santos summarizing what was discussed on item 6A before the livestream was interrupted.

Vice Chairman Sobti inquired on the availability of GIAA's share. Mr. Santos advised that Management has worked with the Comptroller to ensure that the funds are available, and after working with the FAA, the 10% share would be required toward the end of the project.

After further discussion, on motion duly made by Director Morato, seconded by Vice Chairman Sobti, the following resolution was unanimously approved via roll call vote:

Resolution No. 24-68

The Board hereby ratifies the Executive Manager and Legal Counsel's execution, and acceptance of FAA Grant Agreement No. 3-66-0001-124-2024, Rehabilitate Apron.

- A.** Ratification of FAA Grant Agreement No. 3-66-0001-125-2024 – Rehabilitate Terminal Building – Construction – Phase 1 (Roof Replacement w/Solar Module Racking)

The next item discussed by the Board was FAA Grant Agreement No. 3-66-0001-125-2024 – Rehabilitate Terminal Building – Construction – Phase 1 (Roof Replacement w/Solar Module Racking). Mr. Frank Santos presented the FAA Grant Agreement for ratification by the Board. The grant falls under the Bipartisan Infrastructure Law, in the amount of \$21,400,000.00, and is a 95% FAA, 5% GIAA share. GIAA's share is \$1,126,315.79. Phase II portion, consisting solely of Solar Panels is anticipated for 2025, and has been allocated by the FAA. Management is requesting that the Board ratify the Executive Managers acceptance and execution of the referenced grant.

After further discussion, on motion duly made by Secretary Weakley, seconded by Vice Chairman Sobti, the following resolution was unanimously approved via roll call vote:

Resolution No. 24-69

The Board hereby ratifies the Executive Manager and Legal Counsel's execution, and acceptance of FAA Grant Agreement No3-66-0001-125-2024, Rehabilitate Terminal Building – Construction – Phase 1 (Roof Replacement w/Solar Module Racking).

- A.** Approval of FY25 Insurance Renewal Program

The next item requiring Board action was the FY25 Insurance Renewal Program. The A.B. Won Pat International Airport Authority, Guam as required by the GIAA Bond Indenture is required to carry an adequate amount of insurance coverage to protect the Authority, its officers and bondholders. The Airport Insurance Program covers general airport operations and was developed by GIAA with the assistance of its Insurance Consultant, Bolton Company. The Insurance Program includes seven (7) policies: Property Insurance including Catastrophe; Airport

Operators Liability; Directors & Officers Liability; Workman's Compensation; Automobile Insurance; Crime Insurance; and Cyber Liability.

The Deputy Executive Manager announced that GIAA's Insurance Consultant Ms. Cheryl McDowell of Bolton Company was via Zoom and AM Insurance ("AM") representative, Ms. Ann Marie Muna and Tricia Granilo, and. The Deputy Executive Manager informed the Board that there were increases in premium rates, and invited Ms. Muna to present the premium rates and quotes to the Board.

Ms. Muna provided brief background on the annual program. Nine (9) different markets were encouraged to quote, eight (8) local carriers, and one (1) international carrier. Five (5) carriers did not meet the financial rating, and one (1) carrier met the financial requirements but declined to provide a quote, leaving three (3) carriers providing quotes for select items. Ms. Muna went on to present updates and announced the insurance quotes for FY2025 as follows:

Policy	Firm with Lowest Offered Premium	Amount
Property	Calvo's	\$1,536,639.00
Airport Operators Liability	Calvo's	\$263,160.00
Directors & Officers Liability	Calvo's	\$178,500.00
Workman's Compensation	Moylan's	\$231,194.32 (2 of 3-Year Term)
Automobile Insurance	Moylan's	\$51,699.64 (3-Year Term)
Crime Insurance	Moylan's	\$6,352.00 (1-Year Term)
Cyber Liability	Harman Kemp	\$72,000.00
TOTAL:		\$2,339,544.96

The appended schedule illustrates the recommended program for FY2025. Management recommends the Board adopt the FY2025 insurance program as appended. The total premium costs for all coverage including Catastrophic perils for FY2025 is \$2,272,605.94. This represents an increase in premium of \$73,369.67 per annum compared to FY2024 premium cost of \$2,199,236.27.

The total premium costs for all coverage including Cyber Liability and Catastrophic perils for FY2025 is \$2,339,544.96. This represents an increase in premium of \$145,369.67 per annum compared to FY2024 premium cost of \$2,199,236.27. The insurance premium costs are budgeted under Property Management Division (PMO) budget for FY2025.

After further discussion, on motion duly made by Director Morato, seconded by Director Tainatongo, the following resolution was unanimously approved via roll call vote:

Resolution No. 24-70

The Board hereby adopts the FY2025 Insurance Program as presented by Management, up to the amount \$2,339,544.96, subject to further negotiations with carriers.

7. REPORT OF THE EXECUTIVE MANAGER

Reference is made to the Executive Manager's Report included as part of the Board's packet, which was presented by the Executive Manager Quinata. The report included brief updates on Airline activity, CIPs, Airport updates, Regulatory updates and other announcements.

8. REPORT OF THE COMPTROLLER

Ms. Dafne Mansapit Shimizu, Comptroller reported on the revenues and expenses of the Authority for the month ending **August 31, 2024**. Year-to-date Total Signatory Revenues are below Budgeted revenues by **20.4%**. Signatory revenue estimates are based on projections submitted by Signatory airlines and adopted in the annual budget. Year-to-date Total Concession Revenues are **8.5%** below budget while Passenger Facility Charges are below the budget estimate by **20.8%**. Year-to-date Total Other Revenues, inclusive of non-signatory and non-airlines revenues, are above the budget estimate by **7.1 %**. Year-to-date Total Operating Revenues actual of **\$59.4M** is **12.4%** below the budget estimate of **\$67.8M**. Year-to-date Total Operating Expenses are below budget by **13.0%**. Components of this line item include Personnel Service, Contractual Services, and Materials & Supplies which came in below budget by **8.8%**, **13.8%**, and **48.8%**, respectively. The actual year-to-date Net Revenues from Operations of **\$15.4M** is **10.4%** below the year-to-date budgeted amount of **\$17.1M**. Finally, our year-to-date results for Debt Service Coverage is at **1.48** versus the requirement of **1.25**.

9. EXECUTIVE SESSION

Upon written recommendation of Counsel, on motion duly made by Vice Chairman Sobti, seconded by Director Tainatongo, and unanimously approved, the Board recessed to convene into Executive Session at 4:23 p.m.

All Board members present in the conference room. Regular Session began at 4:52 p.m.

Legal Counsel, William Brennan at this time announced that no Executive Session was held, due to a miscommunication with the assigned Court Reporter. No business was conducted during the recess.

10. PUBLIC COMMENTS

There were no Public Comments.

11. ADJOURNMENT

Motion to adjourn duly made by Vice Chairman Sobti, seconded by Director Tainatongo; motion unanimously passed. The meeting was adjourned at 4:36 p.m.

Dated this _____, day of _____, 2024.

Attest:

Brian J. Bamba
Chairman

Donald I. Weakley
Board Secretary

Prepared and Submitted By:

Amanda O'Brien
Corresponding Secretary

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE
A.B. WON PAT INTERNATIONAL AIRPORT AUTHORITY, GUAM
Tuesday, October 8, 2024, 10:00 a.m.
GIAA CONFERENCE ROOMS 1 & 2**

1. CALL TO ORDER AND ATTENDANCE

The October 8, 2024 special 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 Brian Bamba at 10:09 a.m. at the GIAA Terminal Conference Rooms 1 & 2, 355 Chalan Pasaheru, Tamuning, Guam, 96913.

Directors Present:

Brian J. Bamba
Gurvinder S. Sobti
Lucy M. Alcorn
Jesse G. Garcia

Offices or positions:

Chairman
Vice Chairman

Directors Absent:

Donald I. Weakley (Excused)
Doyon A. Morato (Excused)
Rosie R. Tainatongo (Excused)

Board Secretary

GIAA Officials:

John M. Quinata
Artemio R. Hernandez, Ph.D.
Jean M. Arriola
Juan S.A. Reyes, A.C.E.
Raymond Quintanilla
Audie Artero
Ken McDonald
Vanessa Pangindian

Executive Manager
Deputy Executive Manager
Airport Services Manager
Air Terminal Manager
Superintendent of Airport Operations
Engineering Supervisor
Superintendent of Properties & Facilities
Property Management Office

Janalynn Damian
Frank R. Santos

Calvo Jacob & Pangelinan, GIAA Legal Counsel
TMG, GIAA Consultant

Chairman Bamba 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

On motion duly made by Director Garcia, seconded by Director Alcorn, the following resolution was unanimously passed:

Resolution No. 25-01

The Board hereby approves the agenda of the October 8, 2024 special meeting, as presented.

3. EXECUTIVE SESSION

A. DFS Guam L.P. related litigation to which GIAA is or may be a party (5 GCA § 8111(c)).

Janalynn Damian, Legal Counsel advised that due to a scheduling conflict, the court reporter is not available until 3:00 pm., and requested that the Board recess and reconvene at that time. The Board had no objection.

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

Resolution No. 25-02

By Resolution of the Board of Directors of the A.B. Won Pat International Airport Authority, Guam ("GIAA"), the October 8, 2024 Special Meeting of the Board of Directors of GIAA is hereby adjourned until Tuesday, October 8, 2024 at 3:00 p.m., to reconvene at the GIAA Conference Room, 355 Chalan Pasaheru, Tamuning, Guam, 96913.

The meeting recessed at 10:12 a.m.

Dated this _____, day of _____, 2024.

Attest:

Gurvinder Sobti
Vice Chairman

Donald I. Weakley
Board Secretary

Prepared and Submitted By:

Amanda O'Brien
Corresponding Secretary

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE
A.B. WON PAT INTERNATIONAL AIRPORT AUTHORITY, GUAM
Tuesday, October 8, 2024, 3:00 p.m. *Reconvened Meeting*
GIAA CONFERENCE ROOMS 1 & 2**

1. CALL TO ORDER AND ATTENDANCE

The October 8, 2024 special meeting of the Board of Directors of the A.B. Won Pat International Airport Authority, Guam (“GIAA” or the “Authority”) held on October 8, 2024 at 10:00 a.m. was reconvened and called to order by Vice Chairman Gurvinder Sobti at 3:10 p.m. at the GIAA Terminal Conference Rooms 1 & 2, 355 Chalan Pasaheru, Tamuning, Guam, 96913.

Directors Present:

Gurvinder S. Sobti
Donald I. Weakley
Lucy M. Alcorn
Doyon A. Morato
Rosie R. Tainatongo
Jesse G. Garcia

Offices or positions:

Vice Chairman
Board Secretary

Directors Absent:

Brian J. Bamba (Excused)

Chairman

GIAA Officials:

John M. Quinata
Artemio R. Hernandez, Ph.D.
Jean M. Arriola
Juan S.A. Reyes, A.C.E.
Raymond Quintanilla
Audie Artero
Ken McDonald
Vanessa Pangindian

Executive Manager
Deputy Executive Manager
Airport Services Manager
Air Terminal Manager
Superintendent of Airport Operations
Engineering Supervisor
Superintendent of Properties & Facilities
Property Management Office

Janalynn Damian
Genevieve Rapadas
Frank R. Santos

Calvo Jacob & Pangelinan, GIAA Legal Counsel
Calvo Jacob & Pangelinan, GIAA Legal Counsel
TMG, GIAA Consultant

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

2. EXECUTIVE SESSION

Upon written recommendation of Counsel, on motion duly made by Director Alcorn, seconded by Director Tainatongo, and unanimously approved, the Board recessed to convene into

Executive Session at 3:11 p.m.

Due to a previously disclosed conflict of interest, Director Garcia did not participate in Executive Session.

A. DFS Guam L.P. related litigation to which GIAA is or may be a party (5 GCA § 8111(c))

The Board convened into Executive Session at 3:12 p.m. to discuss DFS Guam L.P. related litigation to which GIAA is or may be a party (5 GCA § 8111(c)). Attending Executive Session were Directors Sobti, Weakley, Alcorn, Morato, Tainatongo, Executive Manager Quinata, and Legal Counsels, Janalynn Damian and Genevieve Rapadas. Also present was the court reporter who will prepare a transcript of the Executive Session. Executive Session ended at 3:48 p.m.

All Board members present in the conference room. Regular Session began at 4:52 p.m.

Based on discussion during Executive Session, there was an item requiring Board approval.

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

Resolution No. 25-03

WHEREAS, the Board of Directors adopted Resolution No. 24-63 authorizing the Authority, represented by Authorized Officers (identified therein), in consultation with legal counsel, to engage in settlement discussions with DFS Guam L.P. ("DFS") and Lotte Duty Free Guam, LLC ("Lotte") resolve and fully settle all disputes between the Authority and DFS, to include related litigation between DFS and Lotte ("DFS-related litigation").

BE IT RESOLVED, by the Board of Directors of the Antonio B. Won Pat International Airport Authority, Guam, as follows:

Section 1. The Board hereby approves the Authorized Officers (defined below) to enter into a global settlement of the DFS-related litigation in accordance with the following terms (collectively "Settlement Terms"):

- a. Stipulated dismissals of all DFS-related litigation;
- b. Payment by GIAA in an amount not to exceed \$2.4 million in settlement of the Arbitration Actions (International Centre for Dispute Resolution Case No. 01-14-0002-0935, and Superior Court of Guam Consolidated Case Nos. SP0128-16, CV0371-16) and Holdover Action (Superior Court of Guam Case No. CV0595-16 (consolidated with the Arbitration Actions) and DFS's underlying claim pursuant to the Guam Government Claims Act, 5 G.C.A. § 6101 *et seq.*);
- c. Mutual waivers and releases;

- d. No extension of the Lotte Concession Agreement beyond the current expiration date of July 20, 2026, unless such extension is necessary due to circumstances beyond GIAA's control;
- e. GIAA will issue and conduct a new specialty retail solicitation in accordance with applicable law ("New Solicitation");
- f. GIAA will not delay in issuing and conducting the New Solicitation, unless such delay is necessary due to circumstances beyond GIAA's control;
- g. GIAA will proceed in good faith to adopt and implement an industry-standard, competitive solicitation process for the New Solicitation, in accordance with applicable law;
- h. No admission of liability; and
- i. Non-disparagement.

Section 2. The Board hereby authorizes the Authority to enter into a settlement agreement and such other settlement-related documents that are in accordance with the Settlement Terms, including stipulated dismissals (collectively the "Settlement Documents").

Section 3. The Vice-Chairman of this Board and the Executive Manager are each singly hereby authorized and directed to execute the Settlement Documents.

Section 4. This resolution shall take effect from and after its adoption.

4. ADJOURNMENT

Motion to adjourn duly made by Director Weakley, seconded by Director Tainatongo; motion unanimously passed. The meeting was adjourned at 3:56 p.m.

Dated this _____, day of _____, 2024.

Attest:

Gurvinder Sobti
Vice Chairman

Donald I. Weakley
Board Secretary

Prepared and Submitted By:

Amanda O'Brien
Corresponding Secretary



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SIGNATORY AIRLINE OPERATING AGREEMENT AND TERMINAL BUILDING LEASE

by and between

A.B. WON PAT INTERNATIONAL AIRPORT AUTHORITY, GUAM

and

UNITED AIRLINES, INC.

DRAFT

TABLE OF CONTENTS

ARTICLE 1. DEFINITIONS	1
Section 1.01. Definitions.....	1
1.01.01. “Air Transportation”	1
1.01.02. “Aircraft Arrivals”	2
1.01.03. “AIRLINE”	2
1.01.04. “Airline Affiliate”	2
1.01.05. “Airline Employees”	2
1.01.06. “Airport”	2
1.01.07. “Airport Cost Centers”	2
A. “Airfield Area”	2
B. “Apron Area”	3
C. “Terminal Area”	3
D. “Terminal Building”	3
E. “Other Buildings and Areas”	3
1.01.08. “Airport Purpose”	3
1.01.09. “Airport Requirement”	3
1.01.10. “Airport Revenue”	3
1.01.11. “Amortization Requirement”	3
1.01.12. “Annual Debt Service”	3
1.01.13. “Annual Budget”	3
1.01.14. “Apron Use Fee”	4
1.01.15. “Arrival Fee”	4
1.01.16. “Arrivals Facilities”	4
1.01.17. “Arriving Passengers”	4
1.01.18. “Bond Funds”	4
A. “Revenue Fund.”	4
B. “Operation and Maintenance Fund.”	4
C. “Bond Fund.”	4
D. “Bond Reserve Fund.”	4
E. “Subordinate Securities Fund.”	4
F. “Operation and Maintenance Reserve Fund.”	4
G. “Renewal and Replacement Fund.”	5
H. “Capital Improvement Fund.”	5
1.01.19. “Bond Indenture”	5
1.01.20. “Bonds”	5
1.01.21. “Capital Improvement”	5
1.01.22. “Common Use Departure Fee”	5
1.01.23. “Common Use Ticket Counter Space”	5
1.01.24. “Conditional Airline Use”	5
1.01.25. “Daily Flight Activity Report”	5
1.01.26. “Date of Beneficial Occupancy”	6
1.01.27. “Departing Passengers”	6
1.01.28. “Departure Facilities”	6
1.01.29. “Departure Fee”	6
1.01.30. “Deplaned Passengers”	6

1.01.31.	“Enplaned Passengers”	6
1.01.32.	“Exclusive Use Space”	6
1.01.33.	“Executive Manager”	6
1.01.34.	“FAA”	6
1.01.35.	“Fiscal Year”	6
1.01.36.	“Immigration Inspection Facilities”	6
1.01.37.	“Immigration Inspection Fee”	7
1.01.38.	“Joint Airline Use Formula”	7
1.01.39.	“Joint Airline Use Space”	7
1.01.40.	“Landing Fee”	7
1.01.41.	“Laws”	7
1.01.42.	“Loading Bridge Positions”	7
1.01.43.	“Loading Bridge Use”	7
1.01.44.	“Loading Bridge Use Fee”	7
1.01.45.	“Maximum Certificated Gross Takeoff Weight”	7
1.01.46.	“Monthly Revenue Report”	8
1.01.47.	“Operation and Maintenance Expenses”	9
1.01.48.	“Other Airlines”	9
1.01.49.	“Passenger Facility Charge” or “PFC”	9
1.01.50.	“Public Areas”	9
1.01.51.	“Policies and Procedures”	9
1.01.52.	“Rules and Regulations”	9
1.01.53.	“Signatory Airlines”	9
1.01.54.	“Special Facilities”	9
1.01.55.	“Terminal Building Requirement”	9
1.01.56.	“Total Takeoff Weight”	9
1.01.57.	“Transportation Security Administration” or “TSA”	10
1.01.58.	“Trustee”	10
1.01.59.	[Reserved]	10
Section 1.02.	Cross-References.	10
Section 1.03.	Construction of Certain Words.	10
1.03.01.	Number.	10
1.03.02.	Tense.	10
1.03.03.	Gender.	10
ARTICLE 2.	TERM.....	10
Section 2.01.	Term.....	10
ARTICLE 3.	RIGHTS AND SPECIFIC PRIVILEGES	10
Section 3.01.	Use of the Airport.	10
Section 3.02.	Specific Rights of AIRLINE at the Airport.....	11
3.02.01.	Air Transportation.	11
3.02.02.	Landing.	11
3.02.03.	Transportation of Persons, Baggage, Property and Mail.	11
3.02.04.	Training.	11
3.02.05.	Purchase of Personal Property and Services.....	11
3.02.06.	Sale or Disposal of Aircraft and Equipment.	12
3.02.07.	Maintenance.	12

3.02.08.	Signs.	12
3.02.09.	Aerial Navigation Equipment.	12
3.02.10.	Telecommunications.	12
3.02.11.	Clubrooms.	12
Section 3.03.	Limitations on Use by AIRLINE.....	13
3.03.01.	Interference with Systems.	13
3.03.02.	Acts Conflicting with Fire and Casualty Insurance.	13
3.03.03.	Improper Disposal of Waste.	13
3.03.04.	Storage of Flammable Materials.	13
3.03.05.	Violate FAR Part 139.	13
3.03.06.	Violate Airport Security Plan.	14
3.03.07.	Improper Sell, Exchange of Delivery.	14
ARTICLE 4.	PREMISES	14
Section 4.01.	Terminal Building Space.....	14
4.01.01.	Exclusive Use Space.	14
4.01.02.	Modification of Space.	14
Section 4.02.	Use of Leased Premises.	14
4.02.01.	Exclusive Use Space.	14
4.02.02.	Joint Airline Use Space.....	14
4.02.03.	Conditional Airline Use Ticket Counter Positions.....	14
A.	Shared Use.....	14
B.	Reassignment.	15
4.02.04.	Assignment of Common-Use Ticket Counter Space.....	15
Section 4.03.	Assignment of Loading Bridge.	15
4.03.01.	Priority Allocation of Loading Bridge Positions.	15
4.03.02.	Allocation for Other Airlines.	16
4.03.03.	Accommodation of Excess Scheduled Flights.	17
4.03.04.	Use of Assigned Loading Bridge Positions.	17
4.03.05.	Deviation from Priority Allocation.	18
Section 4.04.	Reassignment of Leased Premises.....	19
4.04.01.	Extraordinary Circumstances.	19
4.04.02.	Adjustments.....	19
4.04.03.	Notice.....	19
4.04.04.	AUTHORITY Obligation.....	19
Section 4.05.	AIRLINE Relinquishment of Exclusively Leased Space.	20
Section 4.06.	Surrender of the Premises.	20
Section 4.07.	Employee Parking Facilities.	21
Section 4.08.	Access.....	21
4.08.01.	Ingress and Egress.	21
4.08.02.	Destruction.	21
4.08.03.	Authority’s Right to Modify.	21
Section 4.09.	Transportation Security Administration Space.....	22
ARTICLE 5.	CAPITAL IMPROVEMENTS	22
Section 5.01.	Capital Improvements.....	22
5.01.01.	Report by Executive Manager.	22
5.01.02.	Meeting of Signatory Airlines.	22

5.01.03.	Disapproval by Sixty Percent.....	22
5.01.04.	Inclusion of Capital Improvement in Rents and Fees.	23
5.01.05.	Other Implementation of Capital Improvement.....	23
5.01.06.	Capital Improvement Cost Greater Than \$10 Million.....	23
ARTICLE 6. RENTS AND FEES.....		23
Section 6.01.	Consideration.....	23
Section 6.02.	Terminal Building Rents.....	24
6.02.01.	Exclusive Use Space.....	24
6.02.02.	Joint Airline Use Space.....	24
Section 6.03.	Departure Fees.....	24
6.03.01.	Departure Fee.....	24
6.03.02.	Common Use Departure Fee.....	24
Section 6.04.	Arrival Fees.....	25
Section 6.05.	Immigration Inspection Fee.....	25
Section 6.06.	Loading Bridge Use Fees.....	25
Section 6.07.	Apron Use Fees.....	25
Section 6.08.	Landing Fees.....	26
Section 6.09.	Payments to AUTHORITY.....	26
6.09.01.	No Demand or Setoff.....	26
6.09.02.	Rent Due.....	26
6.09.03.	Monthly Revenue Report.....	26
6.09.04.	Failure to Pay Rent or Submit Monthly Revenue Report.....	26
6.09.05.	Form of Payment.....	27
Section 6.10.	Additional Rent.....	27
Section 6.11.	Additional Passenger Fees and Charges.....	27
6.11.01.	Passenger Facility Charge.....	27
6.11.02.	Passenger Facility Charge Revenue.....	28
Section 6.12.	Fees for Other Commercial Activities.....	28
6.12.01.	In-flight Meals.....	28
6.12.02.	Aircraft Maintenance and Ground Service.....	28
6.12.03.	Ground Transportation Commercial Carrier.....	28
Section 6.13.	Aircraft Storage Fee.....	29
Section 6.14.	No Other Fees and Charges.....	29
Section 6.15.	Interest on Overdue Payments.....	29
Section 6.16.	Endorsement of Checks.....	29
Section 6.17.	Timely Issuance of Reports.....	30
Section 6.18.	Excess Time on Loading Bridge Position.....	30
ARTICLE 7. ADJUSTMENT OF AIRLINE RENTS AND FEES.....		30
Section 7.01.	Effective Date of Adjustments.....	30
Section 7.02.	AUTHORITY Records.....	30
7.02.01.	Airport Cost Centers.....	30
7.02.02.	Allocation of Bond Funds.....	30
Section 7.03.	Annual Budget.....	31
7.03.01.	Estimate of Maximum Certificated Total Gross Takeoff Weight.....	31
7.03.02.	Authority's Proposed Annual Budget.....	31
Section 7.04.	Calculation of Terminal Building Rental Rates.....	32

Section 7.05.	Calculation of Departure Fee.	33
7.05.01.	Departure Fee Requirement.	34
7.05.02.	Departure Fee.....	34
Section 7.06.	Calculation of Arrival Fee.	34
7.06.01.	Arrival Fee Requirement.	34
7.06.02.	Arrival Fee.....	34
Section 7.07.	Calculation of Immigration Inspection Fee.....	34
7.07.01.	Immigration Inspection Fee Requirement.	34
7.07.02.	Immigration Inspection Fee.....	34
Section 7.08.	Calculation of Loading Bridge Use Fee.	35
7.08.01.	Loading Bridge Use Fee Requirement.	35
7.08.02.	Loading Bridge Use Fee.	36
Section 7.09.	Calculation of Apron Use Fee.....	36
7.09.01.	Apron Area Requirement.	36
7.09.02.	Apron Use Fee.	37
Section 7.10.	Calculation of Landing Fee Rate.....	37
7.10.01.	Landing Fee Rate Minimum.....	37
7.10.02.	Airport Requirement.	37
7.10.03.	Landing Fee Requirement.....	38
7.10.04.	Landing Fee Rate.	38
Section 7.11.	Special Increases in Landing Fee Rate.	38
Section 7.12.	Extraordinary Adjustments of Rents and Fees.	39
Section 7.13.	Calculation of Common Use Departure Fee.	39
7.13.01.	Common Use Departure Fee Requirement.	39
7.13.02.	Common Use Departure Fee.....	39
ARTICLE 8.	BOND INDENTURE AND FLOW OF FUNDS.....	40
Section 8.01.	Subordination to Bond Indenture.	40
8.01.01.	Subordination.....	40
8.01.02.	Conflicts.	40
8.01.03.	Definitions.....	40
8.01.04.	No Change in Method of Calculation Rents and Fees.	40
Section 8.02.	Flow of Funds.....	40
8.02.01.	Airport Revenue and PFC Proceeds.	40
8.02.02.	Airport Revenue.....	40
A.	Operation and Maintenance Fund.....	40
B.	Bond Fund.....	40
C.	Bond Reserve Fund.	40
D.	Subordinate Securities Fund.	41
E.	Operation and Maintenance Reserve Fund.	41
F.	Renewal and Replacement Fund.....	41
G.	Capital Improvement Fund.	41
ARTICLE 9.	MAINTENANCE, REPAIR, ALTERATIONS, AND IMPROVEMENTS.	42
Section 9.01.	AIRLINE's Responsibilities.....	42
9.01.01.	Good Condition.	42
9.01.02.	Janitorial Services and Non-Structural Repairs.....	42
9.01.03.	Use of Joint Use Apron Area.	43

9.01.04.	No Liability to AUTHORITY.....	43
9.01.05.	AUTHORITY Recovery of Costs.....	43
Section 9.02.	AUTHORITY's Responsibilities.....	43
9.02.01.	Airport in Good Repair.....	43
9.02.02.	Airport Maintenance.....	43
9.02.03.	Structural Maintenance.....	44
9.02.04.	AIRLINES's Responsibility.....	44
9.02.05.	Re-Assignment of Capital Undertakings.....	44
Section 9.03.	AUTHORITY's Right to Inspect and Make Repairs.....	44
9.03.01.	Inspect.....	44
9.03.02.	Repair.....	44
9.03.03.	Police Powers.....	44
Section 9.04.	Alterations and Improvements.....	44
ARTICLE 10.	DAMAGE OR DESTRUCTION, INSURANCE,	45
INDEMNIFICATION, AND RELEASE OF LIABILITY		45
Section 10.01.	Damage or Destruction.....	45
Section 10.02.	Insurance.....	45
10.02.01.	Required Insurance.....	45
10.02.02.	Bonds.....	46
10.02.03.	Increases in Coverage.....	46
10.02.04.	Form Satisfactory to AUTHORITY.....	46
10.02.05.	Certificates of Insurance.....	46
10.02.06.	Renewal.....	46
10.02.07.	Material Requirement.....	46
10.02.08.	Claims Filed with AIRLINE.....	46
10.02.09.	Claims Filed with AUTHORITY.....	47
10.02.10.	Time Limitations Discretionary.....	47
Section 10.03.	Indemnification.....	47
Section 10.04.	Release of Liability re: Certain Damages.....	48
ARTICLE 11.	ASSIGNMENT OF SPACE, MERGER, AND BANKRUPTCY	48
Section 11.01.	Assignment and Subletting.....	48
Section 11.02.	Nonwaiver of Responsibility.....	48
Section 11.03.	Relinquishment of Space.....	48
Section 11.04.	Ground Handling Agreements.....	48
Section 11.05.	Merger.....	49
Section 11.06.	Security Deposit.....	49
Section 11.07.	Bankruptcy.....	50
11.07.01.	Source of Rent.....	50
11.07.02.	Continuation.....	50
11.07.03.	Surety Bond.....	50
Section 11.08.	Consent.....	50
ARTICLE 12.	DEFAULT.....	50
Section 12.01.	Default.....	50
12.01.01.	AUTHORITY May Reenter.....	51
12.01.02.	AUTHORITY May Terminate.....	51
12.01.03.	Remedies on Default.....	51

12.01.04. Receipt.....	51
Section 12.02. Additional Rights of AUTHORITY.....	52
ARTICLE 13. RULES AND REGULATIONS, COMPLIANCE WITH LAW, NONDISCRIMINATION	52
Section 13.01. Rules and Regulations.....	52
13.01.01. Use.	52
13.01.02. Compliance.	52
13.01.03. Access.	52
13.01.04. Exclusive Use Space.	52
13.01.05. Right to Contest.	52
Section 13.02. Compliance with Law.....	53
13.02.01. Use.	53
13.02.02. Compliance.	53
13.02.03. Security Compliance.....	53
Section 13.03. Nondiscrimination.	54
13.03.01. Federal Aviation Administration Required Provisions.....	54
13.03.02. American with Disabilities Act.	54
13.03.03. Requirements.	54
ARTICLE 14. COVENANT NOT TO GRANT MORE FAVORABLE TERMS	54
Section 14.01. Covenant Not to Grant More Favorable Terms.....	54
14.01.01. Covenant.	54
14.01.02. Agreement Required.....	54
ARTICLE 15. TERMINATION	55
Section 15.01. Events Permitting Termination of Agreement by AIRLINE.	55
Section 15.02. Events Permitting Termination of Agreement by AUTHORITY.....	55
15.02.01. Right to Terminate.....	55
15.02.02. Notice.....	56
Section 15.03. Possession by AUTHORITY.....	56
ARTICLE 16. NOTICES.....	56
Section 16.01. Delivery of Notice.....	56
A. AUTHORITY.....	56
B. AIRLINE	56
ARTICLE 17. MISCELLANEOUS.....	57
Section 17.01. Successors and Assigns Bound.	57
Section 17.02. Governing Law Choice of Forum.....	57
Section 17.03. Noninterference with Operation of the Airport.....	57
Section 17.04. Severability.....	57
Section 17.05. Quiet Enjoyment.....	57
Section 17.06. Taxes.	58
17.06.01. Payment.	58
17.06.02. Contest.	58
17.06.03. Termination.....	58
Section 17.07. Liens.....	58
Section 17.08. Obtaining Federal Funds.	59
Section 17.09. Nonliability of AUTHORITY's or AIRLINE's Officers, Agents, and Employees.	59

Section 17.10.	Subordination to Agreements with the U.S. Government.	59
Section 17.11.	Incorporation of Exhibits.....	59
Section 17.12.	Incorporation of Required Provisions.	59
Section 17.13.	Price Level Adjustments.	59
Section 17.14.	Entire Agreement.	60
Section 17.15.	Nonwaiver of Rights.	60
Section 17.16.	Force Majeure.....	60
Section 17.17.	Headings.	60
Section 17.18.	Nonexclusive Rights.....	60
Section 17.19.	Inspection of Books and Records.	60
17.19.01.	Maintenance.	61
17.19.02.	Audit.....	61
17.19.03.	No Waiver.	61
Section 17.20.	Generally Accepted Accounting Principles.....	62
Section 17.21.	General Interpretation.	62
Section 17.22.	Holding Over.....	62
Section 17.23.	Consent Not to be Unreasonably Withheld.....	62
Section 17.24.	Authority of Executive Manager.....	62
Section 17.25.	Invalid Provision.....	63
Section 17.26.	Amendments.....	63
Section 17.27.	Payment of Utility Charges.....	63
Section 17.28.	Vending Machines.	63
Section 17.29.	Public Address System.	63
Section 17.30.	Employees of AIRLINE.	63
Section 17.31.	Removal of Disabled Aircraft.....	63
Section 17.32.	Licenses, Fees, and Permits.	64
Section 17.33.	Prudent Operator.	64
Section 17.34.	Airport Access License/Permit.	64
Section 17.35.	Energy Conservation.....	64
Section 17.36.	Compliance with Part 77, Title 14, CFR.	64
Section 17.37.	Reservations re: Airspace and Noise.	64
Section 17.38.	Attorneys' Fees.	65
Section 17.39.	Apron Area Aircraft Servicing.....	65
Section 17.40.	National Emergency.	65
Section 17.41.	Time is of the Essence.....	65
Section 17.42.	Informal Dispute Resolution.....	65
Section 17.43.	Authority to Enter Into Contract.....	65
Section 17.44.	Counterparts; Facsimile or .PDF Signatures; Electronic Signatures..	66

Exhibits

A	Airport Layout Plan
B	Terminal Layout Plan
C	Breakdown of Exclusive and Joint Airline Use Space
D	Daily Flight Activity Log Form
E	Monthly Revenue Report Form
F	Federal Aviation Administration Required Provisions

DRAFT

**ANTONIO B. WON PAT INTERNATIONAL AIRPORT, GUAM
SIGNATORY AIRLINE OPERATING AGREEMENT AND TERMINAL
BUILDING LEASE**

This Signatory Airline Operating Agreement and Terminal Building Lease (the “Agreement”), is made and entered into to be effective as of October 1, 2024, by and between the A.B. Won Pat International Airport Authority, Guam, (hereinafter referred to as “AUTHORITY”), and United Airlines, Inc., an air transportation company authorized to do business in Guam (hereinafter referred to as “AIRLINE”).

WITNESSETH:

WHEREAS, the Government of Guam has established the AUTHORITY (12 GCA § 1101 et seq.) to own and operate the Antonio B. Won Pat Guam International Air Terminal (the “Airport”) and has the power to grant rights and privileges with respect thereto; and

WHEREAS, AIRLINE is a corporation primarily engaged in the business of providing Air Transportation of persons, baggage, property, cargo, and mail; and

WHEREAS, AIRLINE has been leasing certain premises and using certain facilities at the Airport pursuant to that Signatory Airline Operating Agreement and Terminal Building Lease that expired September 30, 2024 (“Prior Agreement”); and

WHEREAS, AIRLINE desires to lease certain premises and use certain facilities, and acquire certain rights and privileges from AUTHORITY in connection with its use of the Airport and AUTHORITY is willing to lease and grant same to AIRLINE under the terms and conditions hereinafter stated; and

WHEREAS, AUTHORITY has the power and authority to enter into this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and considerations herein contained, the AUTHORITY and AIRLINE agree as follows:

ARTICLE 1. DEFINITIONS

Section 1.01. Definitions.

The words and phrases in this section shall have the following meanings when used elsewhere in this Agreement. All other words and phrases that are not specifically defined herein are to have the meanings set forth in the Bond Indenture. If not defined specifically in this Agreement or the Bond Indenture, then such shall be according to common usage or by law.

1.01.01. “Air Transportation” shall mean the carriage for hire of persons, baggage, property, cargo, and mail by aircraft.

1.01.02. “Aircraft Arrivals” shall mean any aircraft arrivals at the Airport (including, without limitation, scheduled, charter, sightseeing, training, test, ferry, courtesy, and inspection flights, or any other flights) operated by an Air Transportation company. Aircraft Arrivals shall not include any flights by aircraft owned or operated by the U.S. Government, or any aircraft returning to the Airport as the result of an equipment failure, passenger emergency, meteorological, or other precautionary reason without first landing at another airport.

1.01.03. “AIRLINE” hereunder means the entity that has executed this Agreement and that is identified in the first paragraph of this Agreement. However, and notwithstanding anything to the contrary herein, for purposes of the enjoyment of the rights conferred on AIRLINE hereunder, it is agreed that any Airline Affiliate (as defined herein) of AIRLINE shall have the rights afforded AIRLINE hereunder, including the right to use the premises leased hereunder to AIRLINE, without payment of any additional charges or premiums, it being agreed that such Airline Affiliate shall be entitled to signatory rates and charges hereunder and that AIRLINE and any Airline Affiliates shall be counted as one airline for purposes of computing any shared use or joint use charges; provided, however, that AIRLINE shall be responsible for the actions (including the payment of any activity fees incurred by) any such Airline Affiliate while such Airline Affiliate operates at the Airport until AIRLINE gives the AUTHORITY ninety (90) days advance written notice that AIRLINE will no longer be responsible for the actions (or activity fees) of such Airline Affiliate, at which time such Airline Affiliate may enter into its own agreement with AUTHORITY.

1.01.04. “Airline Affiliate” shall mean any Air Transportation company, to the extent that such Air Transportation company (i) is a parent or subsidiary of AIRLINE, or (ii) shares flight codes or livery with AIRLINE at the Airport, or (iii) otherwise operates under AIRLINE's trade name at the Airport, provided that no major airline, as such term is defined by the FAA, shall be classified as an Affiliate of another major airline.

1.01.05. “Airline Employees” shall mean airline crew, and other airline employees traveling on a non-revenue basis, but shall not include dependents of airline employees.

1.01.06. “Airport” shall mean the Antonio B. Won Pat International Airport, Guam, as shown on Exhibits A and B attached hereto and made a part hereof, as the same may change from time to time, together with all related facilities owned or operated or acquired by AUTHORITY, as further defined in the Bond Indenture.

1.01.07. “Airport Cost Centers” shall mean direct cost areas to be used in accounting for Airport revenues and expenses and for calculating and adjusting rents and fees described herein, as shown on Exhibits A and B, as more particularly described below:

A. “Airfield Area” shall mean those areas of civil cost responsibility of the Airport, as shown on Exhibits A and B, as they exist or as they may hereafter be expanded, modified, changed, or developed, that provide for the landing, takeoff, taxiing, parking (other than in the Apron Area), or other operations of aircraft. The Airfield Area includes the runways,

taxiways, approach and clear zones, safety areas, infield areas, landing and navigational aids, and other facilities and land areas at the Airport required by or related to aircraft operations.

B. “Apron Area” shall mean the areas of the Airport, as shown on Exhibits A and B, as they now exist or as they may hereafter be expanded, modified, changed or developed, that are dedicated to the parking, servicing, and ground handling of aircraft.

C. “Terminal Area” shall mean the access roads, public and employee automobile parking areas, and other areas surrounding the Terminal Building as shown on Exhibits A and B, as such areas now exist or as they may hereafter be expanded, modified, changed, or developed.

D. “Terminal Building” shall mean the terminal building serving the airlines together with the associated concourses, as shown on Exhibits A and B, as such areas now exist or as they may hereafter be expanded, modified, changed, or developed.

E. “Other Buildings and Areas” shall mean those portions of the Airport not included in the preceding Airport Cost Centers, including the facilities, installations, and improvements thereon as such areas now exist or as they may hereafter be expanded, modified, changed, developed, or acquired.

1.01.08. “Airport Purpose” shall mean any action or undertaking by AUTHORITY reasonably relating to the operation, maintenance, expansion and development and preservation of the Airport for air commerce.

1.01.09. “Airport Requirement” shall mean all costs and expenses incidental to, necessary for, or arising out of the operation of the Airport, including but not limited to Operation and Maintenance Expenses, Annual Debt Service and coverage on Airport revenue bonds, repayment of loans, and the cost of defending, settling, or satisfying the results of any litigation or threatened litigation directly arising out of the operation and management of the Airport or any aspect thereof.

1.01.10. “Airport Revenue” shall mean Revenues as defined in the Bond Indenture.

1.01.11. “Amortization Requirement” shall mean the annual amount of amortization, based upon the Airport's Capital Improvements program and the Authority's calculation of the resulting annual amortization.

1.01.12. “Annual Debt Service” shall mean the aggregate Annual Debt Service as defined in the Bond Indenture.

1.01.13. “Annual Budget” shall mean the budget of AUTHORITY pertaining to the Airport for any Fiscal Year.

1.01.14. “Apron Use Fee” shall mean the fee charged to AIRLINE for each use by AIRLINE of the Apron Area by AIRLINE's aircraft.

1.01.15. “Arrival Fee” shall mean the fee charged to AIRLINE for each Arriving Passenger carried by AIRLINE.

1.01.16. “Arrivals Facilities” shall mean those Terminal Building facilities used for Arriving Passengers, including customs inspection, inbound baggage handling, baggage claim and certain other areas set forth on Exhibit C attached hereto and made a part hereof.

1.01.17. “Arriving Passengers” shall mean revenue and non-revenue passengers, excluding Airline Employees, arriving at the Airport and terminating their journeys in Guam.

1.01.18. “Bond Funds” shall mean those funds and accounts established by the Bond Indenture and described below in the order in which such funds and accounts are established by the Bond Indenture:

A. “Revenue Fund.” All revenues derived from operation of the Airport are deposited into the Revenue Fund. All moneys shall be used and applied in the priority indicated below. The Revenue Fund is more specifically described in Section 8.02.

B. “Operation and Maintenance Fund.” Amounts shall be paid out of the Operation and Maintenance Fund by AUTHORITY from time to time for necessary expenses related to the maintenance, operation, repair, and ordinary replacement and reconstruction of the Airport. The Operation and Maintenance Fund is more specifically described in Section 8.02.

C. “Bond Fund.” Amounts shall be paid out of the Bond Fund by AUTHORITY from time to time for the required interest and principal due on any Airport revenue bonds outstanding and payable from Airport Revenue. The Bond Fund is more specifically described in Section 8.02.

D. “Bond Reserve Fund.” Amounts shall be paid out of the Bond Reserve Fund by AUTHORITY from time to time as necessary for the interest and principal due on any Airport revenue bonds outstanding and payable from Airport Revenue to the extent that other moneys are not available within the Bond Fund. The Bond Reserve Fund is more specifically described in Section 8.02.

E. “Subordinate Securities Fund.” Amounts shall be paid out of the Subordinate Securities Fund by AUTHORITY from time to time for the required interest and principal due on any loans or interfund borrowings payable from Airport Revenue that are subordinate to Airport revenue bonds. The Subordinate Securities Fund is more specifically described in Section 8.02.

F. “Operation and Maintenance Reserve Fund.” Amounts shall be paid out of the Operation and Maintenance Reserve Fund by AUTHORITY from time to time for

necessary expenses related to the maintenance, operation, repair, and ordinary replacement and reconstruction of the Airport to the extent that other moneys are not available in the Operation and Maintenance Fund for such purposes. The Operation and Maintenance Reserve Fund is more specifically described in Section 8.02.

G. “Renewal and Replacement Fund.” Amounts shall be paid out of the Renewal and Replacement Fund by AUTHORITY from time to time as necessary for the costs of unanticipated or emergency repairs, renewals, and replacement to the Airport. The Renewal and Replacement Fund is more specifically described in Section 8.02.

H. “Capital Improvement Fund.” Amounts in the Capital Improvement Fund shall be available for any lawful purpose of AUTHORITY. The Capital Improvement Fund is more specifically described in Section 8.02.

1.01.19. “Bond Indenture” shall mean the 2003 Indenture relating to the Guam International Airport Authority 2003 General Revenue Bonds, together with any supplemental bond indenture and any future indentures or resolutions, authorizing the issuance of Bonds, other than Special Facility Bonds, payable from Airport Revenue.

1.01.20. “Bonds” shall mean any bond or bonds issued in accordance with the provisions of the Bond Indenture, other authorizing legislation enacted in accordance with the provisions of the Bond Indenture, other authorizing legislation enacted by the Territory as more specifically defined in such Bond Indenture, or such other authorizing legislation enacted by the Territory.

1.01.21. “Capital Improvement” shall mean any single item or a series of substantially similar items having an aggregate net cost in excess of one-hundred thousand dollars (\$100,000) and a useful life in excess of five (5) years acquired, purchased, or constructed to improve, maintain, preserve, or develop the Airport.

1.01.22. “Common Use Departure Fee” shall mean the fee charged to AIRLINE for each Departing Passenger carried by that AIRLINE that utilizes the Common-Use Ticket Counter Space as designated in Exhibit C.

1.01.23. “Common Use Ticket Counter Space” shall mean the premises leased by AUTHORITY to AIRLINE and one or more other airlines, as more particularly set forth in Exhibit C.

1.01.24. “Conditional Airline Use” shall refer to space, designated in Section 4.02, that is initially assigned to AIRLINE as Exclusive Use Space, but that is subject to reassignment to other Signatory Airlines on the basis of actual usage that is consistently less than the average usage of comparable space at the Airport during the most recent six (6) months, as described more fully in Section 4.03.

1.01.25. “Daily Flight Activity Report” shall mean the daily report provided by AIRLINE to AUTHORITY, that shall include the following data in the format stated by

AUTHORITY: flight number, aircraft type, seat capacity, originating daily passengers, terminating daily passengers and transit daily passengers as shown on Exhibit D attached hereto and made a part hereof.

1.01.26. “Date of Beneficial Occupancy” or “DBO” shall mean that date upon which a Capital Improvement is so substantially complete that it is usable by AIRLINE and the public without hazard or undue inconvenience, but in no event later than thirty (30) days after AUTHORITY notifies AIRLINE that the Capital Improvement has been certified by the project architect/engineer as available for public use and airline occupancy.

1.01.27. “Departing Passengers” shall mean Airline’s revenue and non-revenue passengers, excluding Airline Employees, originating their journey in Guam.

1.01.28. “Departure Facilities” shall mean those Terminal Building facilities used for AIRLINE’S Enplaned Passengers including departure lounges, baggage make up, bus gate facilities, security and certain other areas as set forth in Exhibit C.

1.01.29. “Departure Fee” shall mean the fee charged to AIRLINE for each Departing Passenger carried by that AIRLINE.

1.01.30. “Deplaned Passengers” shall mean (1) Arriving Passengers, and (2) in-transit passengers arriving at and departing from the Airport on the same flight, or making a connection with another flight; and shall include revenue and non-revenue passengers, excluding Airline Employees.

1.01.31. “Enplaned Passengers” shall mean (1) Departing Passengers and (2) in-transit passengers arriving in and departing from the Airport on the same flight, or making a connection with another flight; and shall include revenue and non-revenue passengers, excluding Airline Employees.

1.01.32. “Exclusive Use Space” shall mean the premises leased by AUTHORITY to AIRLINE, as more fully set forth in Exhibit C.

1.01.33. “Executive Manager” shall mean the Executive Manager of AUTHORITY, designated as such by AUTHORITY.

1.01.34. “FAA” shall mean the Federal Aviation Administration of the U.S. Government or any federal agencies succeeding to its jurisdiction.

1.01.35. “Fiscal Year” shall mean the twelve (12) months commencing on October 1 of any calendar year and ending on September 30 of the next succeeding calendar year or any other 12-month period established by AUTHORITY.

1.01.36. “Immigration Inspection Facilities” shall mean those facilities operated by US immigration authorities, including passenger inspection areas and other office and support space.

1.01.37. “Immigration Inspection Fee” shall mean the fee charged by AUTHORITY to AIRLINE for each Deplaned Passenger of that AIRLINE, who uses Airport Immigration Inspection Facilities.

1.01.38. “Joint Airline Use Formula” shall mean the formula used to prorate the specified charge according to the ratio of the number of each Signatory Airline's Enplaned Passengers at the Airport during the most recent month for which such information is available to the total number of enplaning passengers of all Signatory Airline users of a facility or area at the Airport during that same month. The Joint Airline Use Formula may also mean such other formula as may be agreed upon by Signatory Airlines who constitute sixty percent (60%) in number and who pay more than sixty percent (60%) of the rents and fees of the Signatory Airlines using the service or space based on the most recent twelve (12) month period for which such data are available.

1.01.39. “Joint Airline Use Space” shall mean the premises leased by AUTHORITY to AIRLINE and one or more other airlines, as more particularly set forth in Exhibit C.

1.01.40. “Landing Fee” shall mean the fee charged to AIRLINE for each AIRLINE Aircraft Arrival made at the Airport.

1.01.41. “Laws” shall mean any judicial decision, statute, constitution, ordinance, resolution, regulation, rule, administrative order, or other requirement of any territorial, federal, or other government agency or authority having jurisdiction over the parties, in effect either at the time of execution of this Agreement or at any time during the term, including, without limitation, any regulation or order of a quasiofficial entity or body.

1.01.42. “Loading Bridge Positions” shall mean aircraft parking positions at which the passenger loading bridges owned by AUTHORITY are available and provided to Air Transportation companies for their use.

1.01.43. “Loading Bridge Use” shall mean each Aircraft Arrival which uses a Loading Bridge Position for enplaning and/or deplaning passengers or Airline Employees, excluding use by an aircraft returning to a gate as a result of an equipment failure, passenger emergency, meteorological or other precautionary reason without first landing at another airport.

1.01.44. “Loading Bridge Use Fee” shall mean the fee charged to AIRLINE for each Loading Bridge Use.

1.01.45. “Maximum Certificated Gross Takeoff Weight” shall mean the maximum certificated weight, in one thousand (1,000) pound units, that each aircraft operated by AIRLINE is certificated by either the FAA for U.S. or non-U.S. airlines or the government of the country of origin for non-U.S. airlines, as recited in AIRLINE's flight manual governing that aircraft type. Maximum Certificated Gross Takeoff Weight shall be rounded up to nearest 1,000-pound unit for all landing fee computations. For the purposes of this Agreement, widebody aircraft are those having a Maximum Certificated Gross Takeoff Weight in excess of two hundred and forty thousand (240,000) pounds.

1.01.46. “Monthly Revenue Report” shall mean the monthly report, provided by AIRLINE to AUTHORITY, that shall include the following data in the format stated by AUTHORITY, as shown at Exhibit E attached hereto and made a part hereof:

A. Passenger Data

i. Deplaned Passengers

a. Arriving passengers: revenue, non-revenue, crew and total categories displayed by domestic, international and total.

b. Inbound in-transit passengers: revenue, non- revenue and total categories displayed by thru, connecting and total.

c. Total deplaned passengers.

ii. Enplaned Passengers

a. Departing Passengers: revenue, non-revenue, crew and total categories displayed by domestic, international and total.

b. Outbound in-transit passengers: revenue, non- revenue and total categories displayed by thru, connecting and total.

c. Total enplaned passengers.

d. Number of Departing Passengers using the Common Use Ticket Counters.

B. Cargo/Mail Data

i. Cargo (pounds): revenue, non-revenue and total categories displayed by deplaned, enplaned and total.

ii. Mail (pounds): revenue, non-revenue and total categories displayed by deplaned, enplaned and total.

C. Aircraft operations.

i. Number of aircraft arrivals by aircraft type, and category of scheduled passenger, charter passenger, cargo, other and total.

ii. Aircraft Maximum Certificated Gross Takeoff Weight and Loading Bridge Use.

iii. For the prior month, the number, dates and times of all aircraft parked at the gate and remaining overnight.

1.01.47. “Operation and Maintenance Expenses” shall mean all reasonable and necessary current expenses of AUTHORITY, paid or accrued, for operating, maintaining, and repairing the Airport, as more specifically defined in the Bond Indenture.

1.01.48. “Other Airlines” shall mean, for purposes of allocating Loading Bridge Positions according to Section 4.03, the group of airlines operating scheduled flights at the Airport for more than one quarter of the Fiscal Year that includes, and is limited to, nonsignatory airlines operating scheduled flights at the Airport.

1.01.49. “Passenger Facility Charge” or “PFC” shall mean a charge authorized by Federal Aviation Regulations 14 CFR Part 158 and imposed by AUTHORITY on enplaned passengers (as defined in FAR 14 CFR Part 158) at the Airport, as same may be amended, modified, or supplemented from time to time.

1.01.50. “Public Areas” shall mean those Terminal Building areas not leased on an exclusive or joint use basis, or otherwise, to any person, company, or corporation and which are accessible to the general public. Such areas are shown in Exhibit C.

1.01.51. “Policies and Procedures” shall mean those policies and/or procedures promulgated by AUTHORITY from time to time, as the same may be amended, modified, or supplemented from time to time, provided, however, that such Policies and Procedures shall be reasonable and enforced in a non-discriminatory manner.

1.01.52. “Rules and Regulations” shall mean those rules and regulations promulgated by AUTHORITY pursuant to the Administrative Adjudication Act of Guam or operating directives issued by the Executive Manager for the orderly use of the Airport by both the airlines and other tenants and users of the Airport, including the Airport Tariff Schedule, as the same may be amended, modified, or supplemented from time to time, provided, however, that such Policies and Procedures shall be reasonable and enforced in a non-discriminatory manner.

1.01.53. “Signatory Airlines” shall mean those airlines providing Air Transportation to and from the Airport that have executed substantially similar agreements with AUTHORITY covering the use and occupancy of facilities at the Airport.

1.01.54. “Special Facilities” shall mean structures; hangars; aircraft overhaul, maintenance, or repair shops; heliports; hotels; storage facilities; garages; other facilities; and appurtenances, being a part of and located on the Airport, the cost of the construction or other acquisition of which Special Facilities is financed with the proceeds of Special Facilities Bonds issued pursuant to the Bond Indenture.

1.01.55. “Terminal Building Requirement” shall mean the total amounts summarized in Section 7.04.A, used to calculate the Terminal Building rental rate.

1.01.56. “Total Takeoff Weight” shall mean the sum of the Maximum Certificated Gross Takeoff Weight for all Signatory Airline Aircraft Arrivals over a stated period of time. Said sum shall be rounded up to the nearest one thousand (1,000) pound unit for all landing fee computations.

1.01.57. “Transportation Security Administration” or “TSA” Transportation Security Administration created under the Aviation and Transportation Security Act (“ATSA”), Public Law 107-71 of 2001, as amended, or any successor agency thereto.

1.01.58. “Trustee” shall mean the person, firm, or corporation designated by AUTHORITY to act in a fiduciary capacity with respect to the issuance of Bonds.

1.01.59. [Reserved]

Section 1.02. Cross-References.

All references to articles, sections, and exhibits in this Agreement pertain to material in this Agreement unless specifically noted otherwise.

Section 1.03. Construction of Certain Words.

Words used in this Agreement may be construed as follows:

1.03.01. Number. Words used in the singular include the plural, and words used in the plural include the singular.

1.03.02. Tense. Words used in the present tense include the future as well as the present.

1.03.03. Gender. Words used in the masculine gender include the feminine gender, and words used in the feminine gender include the masculine gender.

ARTICLE 2. TERM

Section 2.01. Term.

The term of this Agreement is five (5) years commencing October 1, 2024, and expiring on September 30, 2029. The parties agree that Guam law (5 GCA § 5127) precludes the AUTHORITY from entering into an agreement for the use of public real property for a term in excess of five (5) years. In the event that 5 GCA § 5127 is amended to exclude or otherwise permit extension of the term of this Agreement prior to the expiration of the initial term, upon mutual agreement of the AUTHORITY and AIRLINE in writing, this Agreement may be extended for an additional five (5) year term upon the same terms and conditions as provided herein, may have been, or be amended in accordance with this Agreement.

ARTICLE 3. RIGHTS AND SPECIFIC PRIVILEGES

Section 3.01. Use of the Airport. AIRLINE shall have for itself and its employees, passengers, guests, and invitees the unrestricted and unencumbered right to the use (in common with other authorized users) of the Airport and appurtenances, including all facilities,

improvements, equipment, and services that have been or may hereafter be provided for common use at or in connection with the Airport, subject to the Rules and Regulations of AUTHORITY.

Section 3.02. Specific Rights of AIRLINE at the Airport.

AIRLINE and any Airline Affiliate shall have the right, in addition to all rights elsewhere granted in this Agreement, but subject to the Rules and Regulations and lawful ordinances of AUTHORITY, to use the Airport for the following purposes:

3.02.01. Air Transportation. The operation of an Air Transportation business including all activities reasonably necessary to such operations.

3.02.02. Landing. The landing, taking off, flying over, taxiing, pushing, towing, loading, unloading, repairing, maintaining, fueling, conditioning, servicing, parking, storing, and testing of aircraft or other equipment of or operated by AIRLINE, or other certificated Air Transportation companies with which AUTHORITY has an agreement, including the right to provide or handle all or part of the operations or services of such other companies, all of which are subject to the Rules and Regulations of AUTHORITY.

3.02.03. Transportation of Persons, Baggage, Property and Mail. The sale of tickets, documentation of shipments, handling of reservations, and the loading and unloading of persons, baggage, property, and mail at the Airport by such motor vehicles or other means of conveyance as AIRLINE may desire to use in the operation of its Air Transportation business. Any ground transportation commercial carrier (including AIRLINE, except for such ground transportation as AIRLINE may provide solely for the benefit of its employees and passengers without charge, and except for such ground transportation as AIRLINE's direct vendor may provide solely for the benefit of AIRLINE's employees without charge) regularly transporting persons or their baggage to, from or within the Airport shall first secure and thereafter hold a valid lease, license, or other agreement with AUTHORITY for the right to carry persons or their baggage to, from or within the Airport and shall pay AUTHORITY such rents, fees, and percentages of the fares of such ground transportation commercial carrier for such rights, as AUTHORITY may set by agreements, ordinances, or Rules and Regulations.

3.02.04. Training. The training at the Airport of persons and testing of aircraft and other equipment, such training and testing to be limited to that incidental to AIRLINE's Air Transportation business at the Airport. Flight training undertaken by AIRLINE will be subject to the conditions of the Rules and Regulations of AUTHORITY.

3.02.05. Purchase of Personal Property and Services. The purchase of AIRLINE's requirements of personal property or services, including fuel, lubricants, food, beverage, and other passenger supplies and any other materials and supplies used by AIRLINE from any person or company of AIRLINE's choice, and the making of agreements with any person or company of AIRLINE's choice for services to be performed for AIRLINE that are incidental to the operation of AIRLINE's Air Transportation business. Nothing herein shall restrict AUTHORITY from levying a reasonable nondiscriminatory concession fee on any other person or company for conducting business at the Airport.

3.02.06. Sale or Disposal of Aircraft and Equipment. The sale or disposal of AIRLINE's aircraft engines, accessories, and other equipment, and materials or supplies, provided that such right shall not be construed as authorizing the conduct of a separate regular business by AIRLINE, but as permitting AIRLINE to perform only such functions for itself and other Air Transportation companies as are incidental to the conduct or operation of its Air Transportation business. Airline may sell fuel and lubricants to the extent such items are not otherwise available at the Airport.

3.02.07. Maintenance. The servicing by AIRLINE, or by its suppliers of materials, or its furnishers of services and maintenance, of aircraft and other equipment operated by AIRLINE or by other Air Transportation companies or the U.S. Government with which AIRLINE has an applicable agreement for handling, maintenance, or other materials or supplies, at reasonable locations designated by the Executive Manager

3.02.08. Signs. The installation and operation of identifying signs, posters, and graphics on AIRLINE's leased premises, subject to the prior written approval of the Executive Manager. Such signs shall be substantially uniform in size, type, and location with those of other airlines, consistent with AUTHORITY's graphic standards, the Rules and Regulations, and in compliance with all applicable laws and ordinances.

3.02.09. Aerial Navigation Equipment. The installation, maintenance, and operation of radio, meteorological, and aerial navigation equipment and facilities at suitable locations on the Airport as may be necessary or convenient in the opinion of AIRLINE for its operations; provided that the location of such equipment and facilities shall be subject to the prior written approval of the Executive Manager.

3.02.10. Telecommunications. The installation, maintenance, and operation of computer data lines, telephone communications equipment and associated conduits, and telephone communications switchgear and support computers including electronic ticketing machines for passenger and airline employee use, at suitable locations on the Airport, as may be necessary or convenient in the opinion of AIRLINE for its operations; provided that the location of such equipment and facilities shall be subject to the prior written approval of the Executive Manager.

3.02.11. Clubrooms. The installation, maintenance, and operation of passenger clubs, lounges, or VIP rooms in AIRLINE's Exclusive Use Space, subject to the approval of the Executive Manager and provided that such right shall not be construed as authorizing the conduct of a separate regular business by AIRLINE, but as permitting AIRLINE to perform only such functions as are incidental to the conduct or operation of its Air Transportation business. AIRLINE may permit passengers of other airlines and other persons of AIRLINE's choice to use its passenger clubs, lounges, or VIP rooms.

Section 3.03. Limitations on Use by AIRLINE.

In connection with the exercise of its rights under this Agreement, AIRLINE shall not:

3.03.01. Interference with Systems. Do or permit its agents, employees, directors, or officers to do anything at or about the Airport that may interfere with the effectiveness or accessibility of the drainage and sewage system, electrical system, air conditioning system, fire protection system, sprinkler system, alarm system, fire hydrants and hoses, if any, installed or located on or within the premises of the Airport.

3.03.02. Acts Conflicting with Fire and Casualty Insurance. Do or permit its agents, employees, directors, or officers to do any act or thing upon the Airport that will invalidate or conflict with any fire or other casualty insurance policies (copies of which, together with premium schedules, shall be furnished to AIRLINE on request) covering the Airport or any part thereof. If AIRLINE does or permits its agents, employees, directors, or officers to do any act or thing upon the Airport that results in an increase in the cost of any fire or other casualty insurance policies for common or joint use areas, AIRLINE shall be liable for such increase. In such event, AUTHORITY will provide written notice to AIRLINE and provide AIRLINE an opportunity to cure the act or thing causing an increase in the cost of any fire or other casualty insurance policies. AIRLINE may cure the act or thing or, if not inconsistent with Article 13 herein, may continue to do the act or thing and pay such increase.

3.03.03. Improper Disposal of Waste. Dispose of or permit its agents, employees, directors, or officers to dispose of any waste material taken from or products used (whether liquid or solid) with respect to its aircraft into the sanitary or storm sewers at the Airport unless such waste material or products first be properly treated by equipment installed with the approval of the Executive Manager for that purpose. For purposes of this section “treated” shall mean processed in accordance with applicable Federal (including the Environmental Protection Agency), Territorial or local laws, codes, rules, regulations and/or sound commercial practice.

3.03.04. Storage of Flammable Materials. Keep or store, during any twenty four- (24) hour period, flammable liquids within the enclosed portion of the premises in excess of AIRLINE's working requirements during said 24-hour period, except in storage facilities especially constructed for such purposes in accordance with standards established by the National Board of Fire Underwriters, and approved by the Executive Manager from the standpoint of safety, and to comply with any other applicable law. Any such liquids having a flash point of less than one hundred degrees Fahrenheit (100-F) shall be kept and stored in safety containers of a type approved by the Underwriters Laboratories.

3.03.05. Violate 14 CFR Part 139. Do or permit its agents, employees, directors, or officers to do any act or thing upon the Airport that will be in conflict with 14 CFR Part 139 or jeopardize the Airport's compliance with 14 CFR Part 139, as same may be amended, modified, or supplemented from time to time.

3.03.06. Violate Airport Security Plan. Do or permit its agents, employees, directors, or officers to do any act or thing in conflict with the AUTHORITY's TSA and/or FAA-approved security plan.

3.03.07. Improper Sell, Exchange of Delivery. Display or sell, exchange, offer, or deliver or permit its, agents, employees, directors, officers, to sell, exchange, or deliver any duty paid or duty free merchandise at the Airport, unless such agents, employees, directors or officers have a written agreement between themselves and the AUTHORITY to do so.

ARTICLE 4. PREMISES

Section 4.01. Terminal Building Space.

4.01.01. Exclusive Use Space. From the date of this Agreement, AIRLINE hereby leases the areas (hereinafter referred to as AIRLINE's "Exclusive Use Space" and "Joint Airline Use Space") in the Terminal Building as more particularly delineated on Exhibit C.

4.01.02. Modification of Space. Subsequent modification of areas occupied by AIRLINE shall be accomplished by the Executive Manager and AIRLINE executing an amendment to this Agreement including a revised Exhibit C.

Section 4.02. Use of Leased Premises.

4.02.01. Exclusive Use Space. AIRLINE shall use its Exclusive Use Space, subject to AUTHORITY's Rules and Regulations, for office purposes and the sale of Air Transportation, handling, ticketing including electronic ticketing machines, billing, and manifesting of passengers, baggage, cargo, property, and mail in the conduct of its Air Transportation business or on behalf of any other Air Transportation company with which AUTHORITY has an agreement.

4.02.02. Joint Airline Use Space. AIRLINE shall use the Joint Airline Use Space for purposes designated in Exhibit C or such other purposes as from time to time designated by the Executive Manager.

4.02.03. Conditional Airline Use Ticket Counter Positions. In the public interest, AUTHORITY and AIRLINE have designated certain ticket counter positions designated on Exhibit C as Conditional Airline Use space. If the use of these ticket counter positions is required to accommodate the requirements of another Signatory Airline and AIRLINE's utilization of these ticket counter positions is consistently less than the average daily utilization at the Airport for all ticket counter positions for the previous six months, AUTHORITY may assign (following timely consultation with AIRLINE and other affected parties) another Signatory Airline use of a portion of these ticket counter positions, beginning with Conditional Airline Use ticket counter positions that have the lowest average utilization, and considering the proximity of the ticket counter positions to the required location, as follows:

A. Shared Use. AUTHORITY may assign one or more other Signatory Airlines to use all or a portion of AIRLINE's Conditional Airline Use ticket counter

positions for designated periods of time when AIRLINE is not using these ticket counter positions, subject to the other Signatory Airline(s) indemnifying AIRLINE for liability arising from such use. If the Conditional Airline Use ticket counter positions are shared with another Signatory Airline, the other Signatory Airline shall pay AIRLINE an average daily rate (calculated as the monthly rental divided by the number of days in the month) for any and each day such counter positions are used. If other Signatory Airlines are assigned to use AIRLINE's Conditional Airline Use ticket counter positions, on a shared use basis, AIRLINE's obligation to pay rent on the affected ticket counter positions will continue. AIRLINE shall be entitled to recover a pro rata portion of the rent plus no more than fifteen percent (15%) for administration from other Signatory Airlines using the affected ticket counter positions.

B. Reassignment. Authority may assign one or more other Signatory Airlines to use all or a portion of AIRLINE's Conditional Airline Use ticket counter positions on an exclusive basis, for an indefinite period of time, subject to the conditions set forth in this Section 4.02.03. If AIRLINE's Conditional Airline Use ticket counter positions are reassigned in this manner, AIRLINE's obligation to pay rent on the affected ticket counter position ceases upon the effective date of such reassignment.

4.02.04. Assignment of Common-Use Ticket Counter Space. To achieve maximum flexibility in obtaining the highest and best use of available ticket counter positions, the AUTHORITY shall allocate the Common-Use Ticket Counter Space to airlines on the basis of the monthly schedule of Aircraft Arrivals and departures submitted by airlines sixty-five (65) days in advance of each quarter of the Fiscal Year. Sixty (60) days prior to the beginning of each quarter during the Fiscal Year, AUTHORITY shall provide AIRLINE with a schedule presenting the ticket counter positions assigned to AIRLINE.

Section 4.03. Assignment of Loading Bridge.

Passenger loading bridges and aircraft parking positions are, and will continue to be, owned and operated by AUTHORITY and not exclusively used by any airline. To achieve maximum flexibility in obtaining the highest and best use of available Loading Bridge Positions, the criteria and priorities set forth in this Section 4.03 will be used by AUTHORITY in scheduling and assigning Loading Bridge Positions and other aircraft parking positions:

4.03.01. Priority Allocation of Loading Bridge Positions. AIRLINE will be given priority in the assignment of Loading Bridge Positions based on AIRLINE's share of scheduled airline traffic at the Airport, according to the following formula

A. AIRLINE's share shall be calculated as the cumulative total of thirty three and one third percent (33 1/3%) of AIRLINE's share of total scheduled airline Aircraft Arrivals and departures at the Airport, plus thirty three and one third percent (33 1/3%) of AIRLINE's share of total scheduled airline Maximum Certificated Gross Takeoff Weight at the Airport, plus thirty three and one third percent (33 1/3%) of AIRLINE's share, of total scheduled airline Enplaned and Arriving Passengers at the Airport, for the most recent three (3) months for which such data are available. AIRLINE's share of scheduled airline traffic will be used to determine the number of Loading Bridge Positions allocated to AIRLINE for priority assignment.

B. To establish priority in the assignment of Loading Bridge Positions, AIRLINE will submit to AUTHORITY a monthly schedule of Aircraft Arrivals and departures sixty five (65) days in advance of each quarter of the Fiscal Year. AUTHORITY will determine which of the available Loading Bridge Positions will be used for each Aircraft Arrival and departure.

C. Sixty (60) days prior to the beginning of each quarter during the Fiscal Year, AUTHORITY shall provide AIRLINE with a schedule presenting the calculation of the number of Loading Bridge Positions allocated to AIRLINE for priority assignment, and the resulting assignment of Aircraft Arrivals and departures.

D. AIRLINE's share of priority allocation of Loading Bridge Positions shall be computed to two (2) decimal places, and fractions of whole numbers shall be rounded, beginning with those fractions that are closest to equaling whole numbers, as necessary until the total number of priority allocated Loading Bridge Positions equals the total number of Loading Bridge Positions available for use. AUTHORITY will, on a best efforts basis, assign Loading Bridge Positions in proximity to AIRLINE's ramp level operations space and second to stated airline gate preferences, to the extent such assignment does not conflict with other provisions of this Section 4.03. All of the Loading Bridge Positions available for use at the Airport shall be included in the calculation of the number of Loading Bridge Positions allocated to AIRLINE for priority assignment, subject to minimum priority entitlements set forth below. AUTHORITY will allow reasonable spacing, but no less than fifteen (15) minutes between the scheduled departure of one aircraft and arrival of the next aircraft assigned to use a specific Loading Bridge Position.

E. In the event that AIRLINE's submitted schedule of Aircraft Arrivals and departures does not indicate a need for the total number of AIRLINE's allocated Loading Bridge Positions, the unassigned Loading Bridge Positions shall be available for use by other airlines, based on the priorities established in this Section 4.03. In addition, AIRLINE's allocated Loading Bridge Positions shall be available for use by other airlines during those times of day when AIRLINE's allocated Loading Bridge positions are not required for AIRLINE's scheduled Aircraft Arrivals and departures, provided, however, that such use by other airlines shall not at any time preclude AIRLINE's use of its allocated Loading Bridge Positions for AIRLINE's scheduled operations.

F. AIRLINE's allocated Loading Bridge Positions and associated Apron Area shall be available to AIRLINE for use to stage and store its ground service equipment in areas designated by AUTHORITY. AIRLINE shall cooperate with other users of Loading Bridge Positions to relocate its parked ground service equipment as may be reasonable and necessary to provide adequate space and clearance for the maneuvering of other users' ground support equipment in servicing such other users' aircraft operations at the Loading Bridge Position. In the event of conflict in the use of designated areas for parking, ground service equipment, AIRLINE will comply with AUTHORITY's determination

4.03.02. Allocation for Other Airlines. In the event that the respective share of scheduled airline traffic at the Airport represented by each Signatory Airline is less than three

percent (3%) for the most recent two (2) consecutive quarters of the Fiscal Year, such airline shall be included in the group of Other Airlines for purposes of allocating Loading Bridge Positions for such period of time as the airline's share remains less than three percent (3%).

A. Other Airlines shall be allocated priority in the assignment of Loading Bridge Positions according to Other Airlines' share of airline traffic at the Airport, as determined by AUTHORITY according to the formula in Section 4.03.01. AUTHORITY shall determine the assignment of Loading Bridge Positions for the scheduled Aircraft Arrivals and departures of Other Airlines, based on the allocated number of Loading Bridge Positions, and the priorities established in this Section 4.03.

B. Other Airlines in total shall be entitled to a minimum of one (1) Loading Bridge Position for priority assignment.

4.03.03. Accommodation of Excess Scheduled Flights. In the event that AIRLINE's submitted schedule of Aircraft Arrivals and departures indicates a need for more than the number of AIRLINE's allocated Loading Bridge Positions, either (1) AIRLINE's excess scheduled flights will be assigned to allocated Loading Bridge Positions not scheduled for use by other airlines, according to the priorities established in this Section 4.03.03, or (2) in the event that no unscheduled Loading Bridge Positions are available, AIRLINE's excess scheduled flights will be assigned to other available aircraft parking positions at the Airport.

Following is the order of priorities for assignment of excess scheduled flights:

A. AIRLINE will be given priority in the assignment of Loading Bridge Positions based on the size of the aircraft scheduled for operation. Widebody aircraft will have priority over narrowbody aircraft, excluding charter, non scheduled, and extra section flights.

B. Signatory Airlines will have priority in the assignment of Loading Bridge Positions over nonsignatory airlines.

C. Scheduled flights will have priority in the assignment of Loading Bridge Positions over nonscheduled flights.

D. Originating and through flights will have priority in the assignment of Loading Bridge Positions over terminating flights.

E. Stated airline gate preferences will be given priority in the assignment of Loading Bridge Positions, and AUTHORITY will use commercially reasonable efforts to assign Loading Bridge Positions in proximity to AIRLINE's ramp level operations space to the extent such assignment does not conflict with other provisions of this Section 4.03.

4.03.04. Use of Assigned Loading Bridge Positions. The following rules shall apply to the use of assigned Loading Bridge Positions (not in order of priority):

A. Originating widebody aircraft flights shall occupy the Loading Bridge Position for a maximum of two (2) hours prior to the scheduled time of departure.

B. Originating narrowbody aircraft flights shall occupy the Loading Bridge Position for a maximum of forty-five (45) minutes prior to the scheduled time of departure.

C. Through flights and turnaround flights shall occupy the Loading Bridge Position for a maximum of two (2) hours.

D. Terminating widebody aircraft flights shall occupy the Loading Bridge Position for a maximum of one and one-half (1-1/2) hours after the scheduled time of arrival.

E. Terminating narrowbody aircraft flights shall occupy the Loading Bridge Position for a maximum of one and one-half (1-1/2) hours after the scheduled time of arrival.

F. Aircraft exceeding the maximum times listed in items A through E above may be subject to repositioning if a requirement for the occupied Loading Bridge Position exists and will be subject to an additional fee of \$100 per hour up to an amount not to exceed \$325 for the first eight (8) hours and an additional \$175 for each eight (8) hour period thereafter unless such Loading Bridge Position is not needed by another Air Transportation company for flight activity as determined by AUTHORITY. In the event that both affected flights are AIRLINE's flights, AIRLINE may at its option maintain said aircraft at the assigned Loading Bridge Position and subject AIRLINE's other aircraft to repositioning.

G. Flight delays of more than twenty (20) minutes from the scheduled time of departure or arrival may result in reassignment or loss of the assigned Loading Bridge Position or other aircraft parking position, if a requirement for the Loading Bridge Position or other aircraft parking position exists.

4.03.05. Deviation from Priority Allocation. Although the above preferred priority ranking is hereby established, conditions at the time of assignment of Loading Bridge Positions or other aircraft parking position may necessitate deviation from the listed factors to enable more effective use of available aircraft parking positions, provided however, AUTHORITY will use commercially reasonable efforts to ensure the preferred priority ranking is adhered to at all times.

In the event that the application of the priorities in this Section 4.03 is not sufficient to remove all scheduling conflicts, AUTHORITY, working with the airlines, will resolve such conflicts, considering the priorities in this Section 4.03.

Section 4.04. Reassignment of Leased Premises.

From time to time during the term of this Agreement, it may become necessary for the Executive Manager to reassign, allocate, or relocate all or part of AIRLINE's premises referred to in Exhibit C subject to the following conditions:

4.04.01. Extraordinary Circumstances. The Executive Manager shall have the right to reassign, reallocate, or relocate all or part of the premises referred to in Exhibit C; provided however, that only in the event of the occurrence of the following extraordinary circumstances may the Executive Manager make such reassignment, reallocation, or relocation:

A. To comply with a rule, regulation, or order of any federal, territorial, or other governmental agency that has jurisdiction over AUTHORITY in its capacity as operator of the Airport.

B. To implement a Capital Improvement at the Airport that has undergone review pursuant to Section 5.01.

4.04.02. Adjustments. If it becomes necessary to make adjustments in AIRLINE's Exclusive or Joint Airline Use Space, the Executive Manager shall arrange for all parties holding affected space to discuss reassignment, reallocation, or relocation of their space among themselves. If the parties do not reach agreement within thirty (30) days from the time the Executive Manager requests such discussions, the Executive Manager is authorized to make such decisions regarding reassignment, reallocation, or relocation for each of the parties (including AIRLINE). If the Executive Manager makes decisions (which shall be provided to all parties in writing) regarding reassignment, reallocation, or relocation of AIRLINE's leased premises, AIRLINE shall not be required to:

A. Incur any expense to relocate its operation to other premises that it does not agree to incur.

B. Accept premises not reasonably adequate based upon conditions at the Airport from either a competitive standpoint or an operational standpoint.

C. Pay at its new location rental rates in excess of that amount that it would have been required to pay in its original leased premises.

4.04.03. Notice. If AUTHORITY is to reassign, reallocate, or relocate AIRLINE's leased premises, the Executive Manager will give AIRLINE notice of its intent to modify all or portions of AIRLINE's leased premises. Within thirty (30) days, AIRLINE will be given an opportunity to meet with the Executive Manager to show cause why the reassignment, reallocation, or relocation should not be made.

4.04.04. AUTHORITY Obligation. If AIRLINE does not elect to meet with the Executive Manager, or if the Executive Manager elects to proceed with the reassignment, reallocation, or relocation after meeting with AIRLINE, AUTHORITY shall:

A. Give AIRLINE forty-five (45) days' notice of the reassignment, reallocation, or relocation.

B. Reimburse AIRLINE the undepreciated book value of AIRLINE's improvements funded by AIRLINE in the space vacated.

C. Provide new or reconfigured space similar in design and finish to the vacated space subject to reassignment, for which the cost of necessary improvements shall not be the responsibility of AIRLINE.

D. Reassign or reallocate the space to another airline or hold the space without lease commitment or relocate AIRLINE's leased premises.

Section 4.05. AIRLINE Relinquishment of Exclusively Leased Space.

From time to time during the term of this Agreement, it may become necessary for AIRLINE to relinquish exclusively leased space to AUTHORITY. In the event AIRLINE wishes to relinquish exclusively leased space, it will give AUTHORITY notice of its intent to relinquish such space. The notice will identify the specific exclusively leased space to be returned to AUTHORITY. The space identified in AIRLINE's notice will be deemed to be automatically excluded from AIRLINE's leasehold on September 30th in the Fiscal Year in which notice is received by AUTHORITY. AIRLINE will be responsible for the payment of rent through September 30th in the Fiscal Year in which notice is received by AUTHORITY, unless the relinquished space shall be relet or reassigned prior to September 30th, in which case AIRLINE shall only be required to pay rent on that space through the date such lease or assignment is effective or any new tenant occupies the relinquished space.

Section 4.06. Surrender of the Premises.

AUTHORITY shall give no notice to quit possession at the expiration date of the term of this Agreement. AIRLINE covenants and agrees that on expiration of the term of this Agreement, or on earlier termination as hereinafter provided, or on reassignment of the premises to others as hereinafter provided, it will peaceably surrender possession of the premises leased hereunder in good condition, reasonable wear and tear, acts of God, fire, and other casualties not caused by AIRLINE or by its agents, employees or invitees excepted, and AUTHORITY shall have the right to take possession of said premises.

AIRLINE shall have the right, on expiration or termination and within thirty (30) days thereafter, to remove all trade fixtures, equipment, and other personal property installed or placed by it at its expense, in, on, or about the Airport, except that (a) AIRLINE shall not remove fixtures, equipment, and other personal property for which AUTHORITY is to reimburse AIRLINE pursuant to Section 4.04; and (b) AIRLINE's right shall be subject to any valid lien that AUTHORITY may have thereon for unpaid rents or fees. AIRLINE shall not abandon any of its movable personal property on the premises without the prior written consent of the Executive Manager.

Any and all movable personal property not removed by AIRLINE within the thirty (30) day period shall thereupon, at the option of AUTHORITY, become a part of the land on which it is located, and title thereto shall vest in AUTHORITY. All AUTHORITY property damaged by, or as the result of, the removal of AIRLINE's property shall be restored by AIRLINE, at its own expense, to the condition existing prior to such damage.

Section 4.07. Employee Parking Facilities.

AIRLINE shall have the right to the use of reasonably adequate vehicular parking facilities for its employees, administrative staff, and management at the Airport in common with other employees. Such facilities shall be located in an area designated by the Executive Manager. AUTHORITY shall provide up to four (4) automobile parking positions for use by senior airline management on a 24-hour per day basis in the terminal area. AUTHORITY reserves the right to assess a reasonable charge for such employee parking facilities, based on the cost of providing, operating, and maintaining the facilities.

Section 4.08. Access.

4.08.01. Ingress and Egress. Subject to the provisions hereof, the Rules and Regulations, and such restrictions as AIRLINE may impose with respect to its Exclusive Use Space, AUTHORITY hereby grants to AIRLINE for itself and its agents, suppliers, employees, contractors, subcontractors, passengers, guests, and invitees, the unrestricted and unencumbered right and privilege of access, ingress to, and egress from (1) the leased premises, (2) those areas and facilities designated herein for use by AIRLINE, and (3) Public Areas and public facilities of the Airport. This right shall extend to aircraft, vehicles, machinery, and equipment used by or for the benefit of AIRLINE in its Air Transportation business; provided, however, that AUTHORITY may impose a charge upon AIRLINE's suppliers or furnishers of services in an amount sufficient to recover the costs incurred in the reasonable regulation by AUTHORITY of such suppliers or furnishers of services in the exercise by them of the foregoing right of ingress and egress.

4.08.02. Destruction. The ingress and egress provided for in Section 4.08.01 shall not be used, enjoyed, or extended to any person engaging in any activity or performing any act or furnishing any service for or on behalf of AIRLINE that AIRLINE is not authorized to engage in or perform under the provisions hereof unless expressly authorized by the Executive Manager.

4.08.03. Authority's Right to Modify. AUTHORITY shall have the right at any time or times to close, relocate, reconstruct, change, alter, or modify any such means of access provided for AIRLINE's use pursuant to this Agreement or otherwise, either temporarily or permanently, provided that reasonable notice to AIRLINE and a reasonably convenient and adequate alternative means of access, ingress, and egress shall exist or be provided in lieu thereof. AUTHORITY shall suffer no liability by reason thereof, and such action shall in no way alter or affect any of AIRLINE's obligation under this Agreement.

Section 4.09. Transportation Security Administration Space.

AUTHORITY will endeavor to negotiate the payment of rent by the Transportation Security Administration (TSA) for space it occupies on an exclusive use basis. Any space leased or occupied by the TSA will not be included in the Exclusive Use Space.

ARTICLE 5. CAPITAL IMPROVEMENTS

Section 5.01. Capital Improvements.

5.01.01. Report by Executive Manager. On or before July 1 of each Fiscal Year, the Executive Manager shall report to the Signatory Airlines the purchase price, design and construction cost, or lease cost of Capital Improvements to be programmed and included in the Annual Budget for the ensuing Fiscal Year and the debt service and/or amortization, or lease payment schedule to be added to the rents and fees, pursuant to Article 7, for those Capital Improvements.

The report shall include, for Capital Improvements, the following:

- A. A description of the proposed Capital Improvement, together with cost estimates and any available preliminary drawings.
- B. A statement of the need for such Capital Improvement.
- C. A statement of the benefits to be derived from such Capital Improvement.
- D. The preferred means of financing (including the terms of any loans and projected interest rate).
- E. The allocation of the cost thereof within the Airport Cost Centers and the estimated effect on airline rents and fees.

5.01.02. Meeting of Signatory Airlines. Within a reasonable time, but no sooner than fourteen (14) days after distribution of the report, the Executive Manager shall convene a meeting of the Signatory Airlines to discuss the proposed Capital Improvements and the preferred means of financing their costs. Each Capital Improvement that sixty percent (60%) of the Signatory Airlines in number who pay more than sixty percent (60%) of the rents and fees (during the prior twelve (12) month period) do not disapprove of in writing within thirty (30) days following the meeting (or the date any supporting documentation for the proposed Capital Improvements is provided by AUTHORITY) are deemed to be concurred with and may be implemented at any time following the meeting.

5.01.03. Disapproval by Sixty Percent. For each Capital Improvement which sixty percent (60%) of the Signatory Airlines in number who pay more than sixty percent (60%) of the rents and fees disapprove, the Executive Manager shall convene a second meeting of the

Signatory Airlines no sooner than thirty (30) days following the first meeting at which the Executive Manager will respond to questions raised during the first meeting, and provide the Signatory Airlines with the requested information concerning the Capital Improvement(s). If, within thirty (30) days after the second meeting, sixty percent (60%) of the Signatory Airlines in number who pay more than sixty percent (60%) of the rents and fees notify AUTHORITY that they disapprove of said Capital Improvement(s), the Capital Improvement(s) shall be deferred until the next ensuing Fiscal Year. In such ensuing Fiscal Year, if AUTHORITY decides to proceed to implement such Capital Improvement(s) AUTHORITY may do so without further meeting or approval, and will disclose the Capital Improvement(s) (subject to the provisions of Sections 5.01.05 and 5.01.06) in the Annual Budget and include the amortization, debt service (including coverage), or loan payments for such Capital Improvement(s) in the rents and fees of the Signatory Airlines.

5.01.04. Inclusion of Capital Improvement in Rents and Fees. If any proposed Capital Improvement is disapproved, AUTHORITY may include the amortization, debt service (including coverage), or loan payments for such Capital Improvement in the calculation of Signatory Airline rents and fees if AUTHORITY determines that such Capital Improvement is necessary or prudent to ensure compliance with a rule, regulation, or order of any governmental agency that has jurisdiction over the operation of the Airport.

5.01.05. Other Implementation of Capital Improvement. AUTHORITY may also implement any proposed Capital Improvement if the amortization, debt service (including coverage), or loan payments for such Capital Improvement are not to be included in Signatory Airline rents and fees.

5.01.06. Capital Improvement Cost Greater Than \$10 Million. Other than as recited in Section 5.01.05, AUTHORITY may not acquire, purchase or construct any Capital Improvement having a cost in excess of ten million dollars (\$10,000,000) if concurrence of such improvement is specifically withheld by sixty percent (60%) of Signatory Airlines in number who pay more than sixty percent (60%) of the Signatory Airline rents and fees.

ARTICLE 6. RENTS AND FEES

Section 6.01. Consideration.

The consideration that AIRLINE agrees to provide AUTHORITY for leasing Exclusive Use Space and Joint Airline Use Space, and using the Airfield Area, Apron Area, Terminal Area, and other Buildings and Areas and exercising the other rights and privileges under this Agreement is (1) providing regularly scheduled Air Transportation to and from the Airport, and (2) paying the rents and fees described in this Agreement. Failure to provide regularly scheduled Air Transportation to and from the Airport for a period of sixty (60) days (except as a result of governmental action, during periods of labor disputes, or as a result of damage or destruction of facilities in accordance with Section 10.01) will permit AUTHORITY to terminate this Agreement on thirty (30) days advance written notice. If AIRLINE resumes regularly scheduled Air Transportation to and from the Airport within this period, the Agreement shall continue in full

force and effect. Unless this Agreement is terminated in whole or in part by AUTHORITY, AIRLINE shall pay to AUTHORITY rents and fees hereunder for the term of this Agreement. In the event AUTHORITY terminates this Agreement pursuant to this Section 6.01, AIRLINE shall have no further liability to AUTHORITY hereunder except for liabilities incurred prior to the termination date.

Section 6.02. Terminal Building Rents.

During the term of this Agreement, AUTHORITY shall charge AIRLINE Terminal Building rents as set forth herein. Terminal Building rents shall be paid on the first day of each month in advance without notice, demand or invoicing.

The Terminal Building rental rates shall be recalculated annually in accordance with Section 7.04.

Annually, following calculation of any adjustments to the rents and fees, the Executive Manager shall provide AIRLINE with a statement as to the monthly rental payments required for the ensuing year.

6.02.01. Exclusive Use Space. AIRLINE shall pay to AUTHORITY, for Exclusive Use Space as set forth in Exhibit C, the annually calculated exclusive space rent.

6.02.02. Joint Airline Use Space. AIRLINE shall pay to AUTHORITY, for all Joint Airline Use Space, excluding the Departure Facilities, Arrivals Facilities, and Immigration Inspection Facilities, prorated on the basis of the Joint Airline Use Formula, as set forth in Exhibit C, the annually calculated joint use space rent.

Section 6.03. Departure Fees.

6.03.01. Departure Fee. During the term of this Agreement, the Departure Fee shall be paid monthly, on the fifteenth (15th) day of each month for the preceding month (based upon Departing Passengers for that preceding month), without notice, demand, or invoice. The Departure Fee shall be recalculated annually in accordance with Section 7.05, and shall cover the use of the Joint Airline Use Space Departure Facilities by AIRLINE. Annually, following calculation of any adjustments to the rents and fees, the Executive Manager shall provide AIRLINE with a statement as to the Departure Fee for the ensuing Fiscal Year.

6.03.02. Common Use Departure Fee. Signatory Airlines using the Common-Use Ticket Counter Space designated in Exhibit C shall pay a Common Use Departure Fee. During the term of this Agreement, the Common Use Departure Fee shall be paid monthly, on the fifteenth (15th) day of each month for the preceding month (based upon Departing Passengers using the Common Use Ticket Counter Space), without notice, demand, or invoice. The Common Use Departure Fee shall be recalculated annually in accordance with Section 7.13, and shall cover the use of the Common-Use Ticket Counter Space by AIRLINE. Annually, following calculation of any adjustments to the rents and fees, the Executive Manager shall provide AIRLINE with a statement as to the Common Use Departure Fee for the ensuing Fiscal Year.

Section 6.04. Arrival Fees.

During the term of this Agreement, each Arrival Fee payment is due by the fifteenth (15th) day of each month for the preceding month without notice, demand, or invoice. The Arrival Fee shall be recalculated annually in accordance with Section 7.06, and shall cover the use of the Arrivals Facilities by AIRLINE. Annually, following calculation of any adjustments to the rents and fees, the Executive Manager shall provide AIRLINE with a statement as to the Arrival Fee for the ensuing Fiscal Year.

Section 6.05. Immigration Inspection Fee.

During the term of this Agreement, the Immigration Inspection Fee payment is due by the fifteenth (15th) day of each month for the preceding month (based upon international Deplaned Passengers for the preceding month) without notice, demand, or invoice. The Immigration Inspection Fee shall be recalculated annually in accordance with Section 7.07, and shall cover the use of the Immigration Inspection Facilities by AIRLINE. Annually, following calculation of any adjustments to the rents and fees, the Executive Manager shall provide AIRLINE with a statement as to the Immigration Inspection Fee for the ensuing Fiscal Year.

Section 6.06. Loading Bridge Use Fees.

During the term of this Agreement, the Loading Bridge Use Fee payment is due by the fifteenth (15th) day of each month for the preceding month without notice, demand or invoice. The Loading Bridge Use Fee shall be recalculated annually in accordance with Section 7.08 and shall cover the use by AIRLINE of the passenger Loading Bridge Positions provided by AUTHORITY. Annually, following calculation of any adjustments to the rents and fees, the Executive Manager shall provide AIRLINE with a statement as to the Loading Bridge Use Fee for the ensuing Fiscal Year.

Section 6.07. Apron Use Fees.

During the term of this Agreement, the Apron Use Fee payment is due by the fifteenth (15th) day of each month for the preceding month without notice, demand or invoice. The Apron Use Fee shall be recalculated annually in accordance with Section 7.09 and shall cover the use by AIRLINE of the Apron Area, including gate positions, aircraft parking positions, and associated apron. Annually, following calculation of any adjustments to the rents and fees, the Executive Manager shall provide AIRLINE with a statement as to the Apron Use Fee for the ensuing Fiscal Year.

Section 6.08. Landing Fees.

Following the effective date of this Agreement, rents and fees for the use of the other facilities, rights, licenses, and privileges granted to AIRLINE under Article 3, except as provided elsewhere herein, shall be combined in and represented by a monthly landing fee (hereinafter referred to as the "Landing Fee"), subject to adjustment pursuant to Section 7. 10. During the term of this Agreement, AUTHORITY shall charge AIRLINE a Landing Fee not less than zero cents (\$0.00) per one-thousand (1,000) pounds of Maximum Certificated Gross Takeoff Weight. The Landing Fee shall be calculated and determined as follows: A Landing Fee rate per one-thousand (1,000) pounds of Maximum Certificated Gross Takeoff Weight shall be multiplied by the Maximum Certificated Gross Takeoff Weight of all AIRLINE's Aircraft Arrivals for the month. Each Landing Fee payment is due by the fifteenth (15th) day of each month for the preceding month. Annually, following calculation of any adjustments to the Landing Fee, the Executive Manager shall provide AIRLINE with a statement as to the Landing Fee for the ensuing Fiscal Year.

Section 6.09. Payments to AUTHORITY.

6.09.01. No Demand or Setoff. AIRLINE agrees to pay AUTHORITY all rents, fees, or other charges without notice or demand, and without deduction or setoff, for the use of the leased premises, facilities, rights, licenses, and privileges granted hereunder.

6.09.02. Rent Due. AIRLINE shall furnish to the Executive Manager on or before the first (1st) day of each month a check delivered or mailed in payment of Terminal Building rents, for AIRLINE's operations at the Airport during the ensuing month, and a report described in Section 6.09.03 below.

6.09.03. Monthly Revenue Report. Said report, in the form of Exhibit E, shall include, but shall not be limited to AIRLINE's: (1) total number of Aircraft Arrivals, by type of aircraft and Maximum Certificated Gross Takeoff Weight of each type of aircraft; (2) total number of Enplaned Passengers and Deplaned (Arriving and in-transit) Passengers; (3) total number of Loading Bridge Uses; (4) total weight of cargo and mail for such month; (5) total number of Departing Passengers using the Common Use Ticket Counters; and (6) number, dates and times of all aircraft parked at the gate and remaining overnight (for the prior month). Airline shall furnish to the Executive Manager on or, before the 15th day a check in payment of Departure Fees, Arrival Fees, Immigration Inspection Fees, Loading Bridge Use Fees, Apron Use Fees, and Landing Fees for AIRLINE's operations at the Airport during the preceding month. The Executive Manager may but shall not be required to transmit to AIRLINE a memo invoice for the Departure Fee, Arrival Fee, Loading Bridge Use Fee, Apron Use Fee, and Landing Fee.

6.09.04. Failure to Pay Rent or Submit Monthly Revenue Report. If AIRLINE fails to furnish the Executive Manager with the activity report and payments of fees required by Section 6.09.02 and Section 6.09.03, AIRLINE's fees shall be determined as follows: (1) AIRLINE's Departure Fee, Common Use Departure Fee, and Arrival Fee shall be determined by assuming that the Enplaned Passengers and Arriving Passengers for AIRLINE during the preceding month were one hundred ten percent (110%) of AIRLINE's Enplaned Passengers and Arriving Passengers during the most recent month for which such figure is available for AIRLINE;

(2) AIRLINE's Immigration Inspection Fees shall be determined by assuming that the international Deplaned Passengers for AIRLINE during the preceding month were one hundred ten percent (110%) of AIRLINE's international Deplaned Passengers during the most recent month for which such figure is available for AIRLINE; (3) AIRLINE's Loading Bridge Use Fee shall be determined by assuming that the Loading Bridge Uses for AIRLINE during the preceding month were one hundred ten percent (110%) of AIRLINE's Loading Bridge Uses during the most recent month for which such figure is available for AIRLINE; (4) AIRLINE's Apron Use Fee shall be determined by assuming that the Aircraft Arrivals for AIRLINE during the preceding month were one hundred ten percent (110%) of AIRLINE's Aircraft Arrivals during the most recent month for which such figure is available for AIRLINE; (5) AIRLINE's Landing Fees shall be determined by assuming that the takeoff weight for AIRLINE during the preceding month was one hundred ten percent (110%) of AIRLINE's takeoff weight during the most recent month for which such figure is available for AIRLINE.

AUTHORITY will then invoice AIRLINE for its fees from the date the fees were due. This invoice is due and payable within fifteen (15) days after the date it is mailed. Any necessary adjustment in such fees shall be calculated after delivery of an accurate report to the Executive Manager by AIRLINE for the month in question, and resulting surpluses or deficits shall be applied to AIRLINE's fees for the next succeeding month.

6.09.05. Form of Payment. Any and all payments due shall be paid by AIRLINE, by check payable to the A.B. Won Pat International Airport Authority, Guam, which shall be delivered or mailed, postage prepaid, to Guam International Airport Authority, Tamuning, Guam, 96931, or such other place as may hereafter be designated by AUTHORITY.

The acceptance by AUTHORITY of any payment made by AIRLINE shall not preclude AUTHORITY from verifying the accuracy of AIRLINE's report, submitted to AUTHORITY as provided in Section 6.09(C), or from recovering any additional payment actually due from AIRLINE.

AIRLINE shall not have any right of set-off or to withhold payments due to any breach by AUTHORITY or for any claim against AUTHORITY.

Section 6.10. Additional Rent.

AUTHORITY, after due notice to AIRLINE, may, but is not obligated to, cure any default on AIRLINE'S part in fulfilling AIRLINE's covenants and obligations under this Agreement. Any amounts paid or costs incurred by AUTHORITY to cure any such default by AIRLINE are hereby agreed on and declared to be additional rent. Unless otherwise provided herein, all additional rent shall be due and payable with the next succeeding installment of monthly rent due under this Agreement.

Section 6.11. Additional Passenger Fees and Charges.

6.11.01. Passenger Facility Charge. Legislation and regulations have been enacted that permit AUTHORITY to levy PFCs on AIRLINE's passengers using the Airport

(Federal Aviation Regulations 14 CFR Part 158). This Agreement is subject and subordinate to such legislation and regulation, and AUTHORITY reserves the right to enact such fee. AUTHORITY currently levies a PFC (as approved by the FAA), and AIRLINE agrees to cooperate with the collection of such PFC amounts in accordance with FAA regulations. AUTHORITY reserves the right to implement such other similar fees or charges as may be authorized by cognizant governmental authorities having jurisdiction over AUTHORITY in its capacity as operator of the Airport.

6.11.02. Passenger Facility Charge Revenue. Airline shall hold the net principal amount of all PFCs that are collected by Airline or its agents on behalf of AUTHORITY pursuant to 49 U.S.C. § 40117 and the rules and regulations thereunder (14 C.F.R. Part 158, herein, the “PFC Regulations”) (such net principal amount, “PFC Revenue”) in trust for AUTHORITY. For purposes of this section, net principal amount shall mean the total principal amount of all PFCs that are collected by Airline or its agents on behalf of AUTHORITY, reduced by all amounts that Airline is permitted to retain pursuant to Section 158.53(a) of the PFC Regulations.

Section 6.12. Fees for Other Commercial Activities.

Notwithstanding any other provision of this Agreement, AUTHORITY expressly reserves the right to establish charges and fees for other commercial activities except AIRLINE's Air Transportation activities at the Airport. Such commercial activities may include, but not be limited to, merchandising (both duty free and duty paid), food, beverage, insurance, rental car, currency exchange, parking, category sales, and other concession operations that are available to the public. In addition, the following specific provisions may apply to AIRLINE:

6.12.01. In-flight Meals. Should AIRLINE purchase in-flight meals for consumption aboard its aircraft or other prepared foodstuffs for consumption within AIRLINE's Exclusive Use Space from any supplier other than a food concessionaire on the Airport, AUTHORITY may impose a percentage fee upon such supplier no greater than the percentage fee paid for similar sales by any inflight food concessionaire authorized at the Airport. It is understood that AUTHORITY will not impose a percentage fee on in-flight meals prepared in flight kitchens operated by AIRLINE (including a subsidiary of AIRLINE) for consumption in flight by AIRLINE's passengers.

6.12.02. Aircraft Maintenance and Ground Service. Should AIRLINE contract with a third party (other than another Signatory Airline) to provide maintenance and service upon its aircraft or to furnish ground services that might otherwise be performed by AIRLINE under this Agreement, such third party (other than another Signatory Airline) shall be deemed to be conducting a business at the Airport and must, at all times while so engaged, meet the requirements of and have an agreement with AUTHORITY. AUTHORITY may impose charges, rents, and fees upon such third party for facilities use and for services provided for all Airport tenants.

6.12.03. Ground Transportation Commercial Carrier. Any ground transportation commercial carrier regularly transporting persons or their baggage to and from the Airport, any contractor or supplier who is requested by AIRLINE to supply goods and services on the Airport, and all parties who are requested by AIRLINE to go beyond the roads furnished for

the public at the Airport shall first secure and thereafter hold a valid license or other agreement with AUTHORITY for the right to perform such acts and shall pay AUTHORITY fees in amounts no less than the cost of issuing and administering such licenses and agreements, plus ten percent (10%) of such cost. In addition, any ground transportation commercial carrier regularly transporting persons except as provided in Section 3.02.03 hereof or their baggage to and/or from the Airport shall first agree in writing to pay AUTHORITY such rents, fees, or percentage of the fares or charges for such ground transportation as AUTHORITY and such carrier may establish in a written agreement. All such ground transportation shall be conducted and be subject to the Rules and Regulations.

Section 6.13. Aircraft Storage Fee.

AIRLINE shall pay AUTHORITY for the storage of AIRLINE's aircraft on designated storage aprons (not at AIRLINE's parking positions) at reasonable rates fixed by AUTHORITY from time to time in the Rules and Regulations and Airport Tariff Schedule, where aircraft storage shall be defined to occur at any time after AIRLINE's aircraft has been parked at the Airport for longer than forty-eight (48) continuous hours.

Section 6.14. No Other Fees and Charges.

Except as expressly provided for herein, no further rents, fees, or charges shall be levied against or collected from AIRLINE, its passengers, shippers, and receivers of freight and express nor its suppliers of material, contractors, or furnishers of services by AUTHORITY for the premises, facilities, rights, licenses, and privileges granted to AIRLINE under this Agreement. However, AUTHORITY expressly reserves the right to assess and collect reasonable fees from parties other than AIRLINE for inflight catering, vending, ground transportation, and other services provided to AIRLINE. Also, AUTHORITY expressly reserves the right to assess and collect a PFC in accordance with Section 6.11.

Anything in this Agreement to the contrary notwithstanding, this section shall not be interpreted or understood as contracting away AUTHORITY's governmental authority.

Section 6.15. Interest on Overdue Payments.

Any payment (including the remittance of PFC proceeds) not received from AIRLINE within five (5) business days after written notice of delinquency shall accrue interest at the rate of one percent (1%) each month from the due date until paid in full. AIRLINE shall have the right to make payment under protest and if protest is made, then AIRLINE shall have all rights and remedies available at law or equity, or under the terms of this Agreement.

Section 6.16. Endorsement of Checks.

AIRLINE agrees not to endorse or issue checks with statements similar to the following: "Processing this check constitutes full settlement of amounts owed to the AUTHORITY." If AIRLINE does endorse or issue checks in this manner, AUTHORITY and AIRLINE hereby agree

that AUTHORITY may process checks for payment without loss of rights to collect full payment of all money owed AUTHORITY by AIRLINE, unless otherwise agreed to by the parties.

Section 6.17. Timely Issuance of Reports.

AIRLINE shall issue required activity reports, including the Daily Flight Activity Report and the Monthly Revenue Report to AUTHORITY in a timely manner.

Section 6.18. Excess Time on Loading Bridge Position.

AIRLINE shall pay AUTHORITY the fee set forth in Section 4.03.04.F for any aircraft remaining on Loading Bridge Positions in excess of the maximum times listed in Section 4.03.04(A) through (E). Such fee shall be paid on within fifteen (15) days of receipt of an invoice for such fees.

ARTICLE 7. ADJUSTMENT OF AIRLINE RENTS AND FEES

Section 7.01. Effective Date of Adjustments.

The Terminal Building rental rates, Departure Fee, Arrival Fee, Immigration Inspection Fee, Loading Bridge Use Fee, Apron Use Fee, and the Landing Fee rate shall be adjusted annually during the term of this Agreement as hereinafter set forth. Such adjustments shall be effective on the first day of the Fiscal Year for which they apply.

Section 7.02. AUTHORITY Records.

7.02.01. Airport Cost Centers. AUTHORITY has an Airport accounting system and shall maintain accounting records that document the following items for each Airport Cost Center:

- A. Annual revenues.
- B. Annual Operation and Maintenance Expenses, including administrative expenses.
- C. Documented expenses of AUTHORITY incurred for the improvement, renovation, expansion, or enhancement of facilities in each Airport Cost Center.

7.02.02. Allocation of Bond Funds. AUTHORITY shall further maintain records evidencing the allocation of capital funds to each Airport Cost Center obtained from the proceeds of Bonds or other capital fund sources. Included in the allocation to each Airport Cost Center shall be its proportionate share of the expenses of any Bond issuance, capitalized interest, and funding of reserve funds, determined with reference to the allocation of costs funded through securities or other capital fund sources. All federal moneys received by AUTHORITY with respect to any project or improvement of the Airport shall be deposited in the appropriate fund or funds.

Section 7.03. Annual Budget.

Each year AUTHORITY shall adopt an Annual Budget for the Airport and establish Terminal Building rental rates, a Departure Fee, an Arrival Fee, an Immigration Inspection Fee, a Loading Bridge Use Fee, an Apron Use Fee and a Landing Fee rate. It is the intent of this Section 7.03 to provide a meaningful consultation process in which (1) AUTHORITY can review its Annual Budget with AIRLINE, and (2) AIRLINE will have an opportunity to comment on the Annual Budget prior to the Annual Budget being adopted by the AUTHORITY. AUTHORITY will give due consideration to AIRLINE input and comments on the Annual Budget received during the consultation process. The following is the Annual Budget review process:

7.03.01. Estimate of Maximum Certificated Total Gross Takeoff Weight. On or before May 1 of each Fiscal Year, AIRLINE shall submit to the Executive Manager a written estimate of the Maximum Certificated Total Gross Takeoff Weight for AIRLINE for the succeeding Fiscal Year.

7.03.02. Authority's Proposed Annual Budget. On or before July 1 of each Fiscal Year, AUTHORITY shall submit to AIRLINE its proposed Annual Budget for the succeeding Fiscal Year, including:

- A. Estimated Operation and Maintenance Expenses.
- B. Annual Debt Service, if any, and any fund deposits required pursuant to the Bond Indenture.
- C. Amortization of AUTHORITY funded assets.
- D. A statement of estimated revenue from all sources other than Signatory Airline Terminal Building rents, Departure Fees, Common Use Departure Fee, Arrival Fees, immigration inspection Fees, Loading Bridge Use Fees, Apron Use Fees, and Landing Fees for the succeeding Fiscal Year.
- E. A schedule of the Capital Improvements to the Airport proposed to be undertaken by AUTHORITY during the succeeding Fiscal Year.
- F. A preliminary calculation of the Terminal Building rental rates, Departure Fee, Common Use Departure Fee, Arrival Fee, Immigration Inspection Fee, Loading Bridge Use Fee, Apron Use Fee, and the Landing Fee rate for the succeeding Fiscal Year, calculated in accordance with Sections 7.04 through 7.10.
- G. Within thirty (30) days after distribution of the report required under Section 7.03.02, the Executive Manager shall convene a meeting of the Signatory Airlines to discuss the Annual Budget.

If the Signatory Airlines request additional information concerning the Annual Budget, the Executive Manager shall convene a second meeting of the Signatory Airlines to discuss such

additional information. Upon notice by the Executive Manager, the second meeting shall be held within thirty (30) days after the first meeting. At the second meeting, the Executive Manager shall respond to questions raised during the first meeting and provide the Signatory Airlines with the requested information concerning the Annual Budget. If, after the second meeting, the Signatory Airlines do not concur with said Annual Budget and so notify the Executive Manager within ten (10) days after the second meeting, the Executive Manager will at the request of the Signatory Airlines schedule a meeting between the Signatory Airlines and AUTHORITY.

If, for any reason, the Annual Budget has not been adopted as of the first day of any Fiscal Year, the rents and fees in effect during the preceding Fiscal Year shall continue in effect until the new Annual Budget has been adopted by AUTHORITY and AUTHORITY has calculated the rents and fees in accordance therewith. The new rents and fees shall then be made effective retroactive to the first day of such Fiscal Year, or upon agreement of Signatory Airlines and AUTHORITY the total amount of the uncollected rents and fees accrued since the beginning of the Fiscal Year may be combined with the rents and fees to be collected over the remainder of the Fiscal Year and the new rental rates and other charges adjusted accordingly.

The Executive Manager shall promptly furnish AIRLINE with a copy of a report containing such adopted Annual Budget together with the calculation of Terminal Building rental rates, the Departure Fee, Common Use Departure Fee, the Arrival Fee, the Immigration Inspection Fee, the Loading Bridge Use Fee, the Apron Use Fee, and the Landing Fee rate that shall be effective from and after the beginning of the Fiscal Year for which the Annual Budget is adopted.

AUTHORITY retains the responsibility and expressly reserves the right to make all final decisions with respect to the Annual Budget, and any subsequent amendment thereof. Such decisions shall be consistent with and pursuant to the terms and conditions of this Agreement including Article 5 hereof.

Section 7.04. Calculation of Terminal Building Rental Rates.

Terminal Building rental rates shall be adjusted annually in the following manner. Whenever the adjustment calculation involves an estimate or allocation, the estimate or allocation of the Executive Manager shall be used. Such estimate or allocation shall be made in accordance with and pursuant to, and be consistent with, the terms of this Agreement.

Each year the Executive Manager shall calculate the Terminal Building Requirement for the succeeding Fiscal Year by totaling the following amounts, as set forth in AUTHORITY's Annual Budget:

A. The total of direct and allocated indirect estimated operation and Maintenance Expenses allocated to the Terminal Building.

B. An amount 1.25 times the pro rata portion of Airport Annual Debt Service, if any, allocated to the Terminal Building, or such other amount as may be required by the Bond Indenture.

C. The pro rata portion of the annual requirement of any subordinate security or other loans allocated to the Terminal Building.

D. The pro rata portion of the estimated amount, if any, for other deposits required by the Bond Indenture or this Agreement and allocated to the Terminal Building.

E. The total amount or the pro rata portion of the annual amortization allocated to the Terminal Building of any Capital Improvements placed in service by AUTHORITY prior to or after the date of this Agreement and prior to the beginning of the Fiscal Year for which the rates and fees are being determined, which have been financed by AUTHORITY from its own resources. Such annual amortization is to be calculated and based on the economic life for each capital item determined by AUTHORITY in accordance with generally accepted accounting principles at an interest rate equal to the average interest rate on outstanding AUTHORITY Bonds for the preceding calendar year or at such other rate as to which the Signatory Airlines and AUTHORITY may agree. In performing the calculations under this Section, no amortization charges shall be included on capital expenditures that have been financed with grants-in-aid or the proceeds of AUTHORITY Bonds or other securities, the debt service for which has been included elsewhere in this Section.

F. The estimated amount of any assessment, judgment, or charge (net of insurance proceeds) to become payable by AUTHORITY relating directly to the Airport or its operation and allocated to the Terminal Building.

G. Any estimated deficit or credit for the operation of the Terminal Building during the then-current Fiscal Year or any adjustment carried over from preceding Fiscal Years to reflect any difference between actual versus estimated expenses.

H. A credit equal to the allocated portion of the balance in the Other Available Moneys Coverage Subaccount.

I. The Terminal Building rental rate shall then be calculated by dividing the Net Terminal Building Requirement computed pursuant to this Section by the Usable Space.

This Terminal Building rental rate (as calculated above) shall be multiplied by the total square footage of Exclusive Use and Joint Airline Use Space (excluding Departure Facilities, Arrival Facilities, Common Use Ticket Counter Space, and Immigration Inspection Facilities, the cost of which shall be recovered through the Departure Fee, Arrival Fee, Common Use Departure Fee, and Immigration Inspection Fee) leased by all airlines to determine the annual portion of the Terminal Building Requirement to be recovered through airline Terminal Building space rentals.

Section 7.05. Calculation of Departure Fee.

Departure Fees shall be adjusted annually in the following manner. Whenever the adjustment calculation involves an estimate or allocation, the estimate or allocation of the Executive Manager shall be used. Such estimate or allocation shall be made in accordance with and pursuant to, and be consistent with, the terms of this Agreement, the Departure Facilities (as

set forth in Exhibit C) by the average annual Terminal Building rental rate calculated in Section 7.04 above.

7.05.01. Departure Fee Requirement. Each year the Executive Manager shall calculate the Departure Fee requirement for the succeeding Fiscal Year by multiplying the total square footage of the Departures Facilities (as set forth in Exhibit C) by the average annual Terminal Building rental rate calculated in Section 7.04 above.

7.05.02. Departure Fee. The Departure Fee is calculated by dividing the Departure Fee requirement by the estimated number of Signatory Airline Departing Passengers at the Airport for the succeeding Fiscal Year as projected by the Executive Manager. The Executive Manager will give consideration to estimates of numbers of passengers provided by the Signatory Airlines. The Departure Fee is payable monthly in accordance with Sections 6.03 and 6.09 hereof.

Section 7.06. Calculation of Arrival Fee.

Arrival Fees shall be adjusted annually in the following manner. Whenever the adjustment calculation involves an estimate or allocation, the estimate or allocation of the Executive Manager shall be used. Such estimate or allocation shall be made in accordance with and pursuant to, and be consistent with, the terms of this Agreement.

7.06.01. Arrival Fee Requirement. Each year the Executive Manager shall calculate the Arrival Fee requirement for the succeeding Fiscal Year by multiplying the total square footage of the Arrivals Facilities (as set forth in Exhibit C) by the average annual Terminal Building rental rate calculated in Section 7.04 above.

7.06.02. Arrival Fee. The Arrival Fee is calculated by dividing the Arrival Fee requirement by the estimated number of Signatory Airline Arriving Passengers at the Airport for the succeeding Fiscal Year as projected by the Executive Manager. The Executive Manager will give consideration to estimates of numbers of passengers provided by the Signatory Airlines. The Arrival Fee is payable monthly in accordance with Sections 6.04 and 6.09 hereof.

Section 7.07. Calculation of Immigration Inspection Fee.

The Immigration Inspection Fee shall be adjusted annually in the following manner. Whenever the adjustment calculation involves an estimate or allocation, the estimate or allocation of the Executive Manager shall be used. Such estimate or allocation shall be made in accordance with and pursuant to, and be consistent with, the terms of this Agreement.

7.07.01. Immigration Inspection Fee Requirement. Each year, the Executive Manager shall calculate the Immigration Inspection Fee requirement for the succeeding Fiscal Year by multiplying the total square footage of the Immigration Inspection Facilities (as set forth in Exhibit C) by the average annual Terminal Building rental rate calculated in Section 7.04 above.

7.07.02. Immigration Inspection Fee. The Immigration Inspection Fee is calculated by dividing the Immigration Inspection Fee requirement by the estimated number of

Signatory Airline international Deplaned Passengers at the Airport for the succeeding Fiscal Year as projected by the Executive Manager. The Executive Manager will give consideration to estimates of numbers of passengers provided by the Signatory Airlines. The Immigration Inspection Fee Requirement is payable monthly in accordance with Sections 6.05 and 6.09 hereof.

Section 7.08. Calculation of Loading Bridge Use Fee.

Loading Bridge Use Fees shall be adjusted annually in the following manner. Whenever the adjustment calculation involves an estimate or allocation, the estimate or allocation of the Executive Manager shall be used. Such estimate or allocation shall be made in accordance with and pursuant to, and be consistent with, the terms of this Agreement.

7.08.01. Loading Bridge Use Fee Requirement. Each year the Executive Manager shall calculate the Loading Bridge Use Fee requirement for the succeeding Fiscal Year by totaling the following amounts, as set forth in AUTHORITY's Annual Budget:

A. The total of direct estimated Operation and Maintenance Expenses allocated to the Loading Bridges.

B. An amount 1.25 times the pro rata portion of Airport Annual Debt Service, if any, allocated to the Loading Bridges, or such other amount as may be required by the Bond Indenture.

C. The pro rata portion of the annual requirement of any subordinate security or other loans allocated to the Loading Bridges.

D. The pro rata portion of the estimated amount, if any, for other deposits required by the Bond Indenture or this Agreement and allocated to the Loading Bridges.

E. The total amount or the pro rata portion of the annual amortization allocated to the Loading Bridges, of any Capital Improvements placed in service by AUTHORITY prior to or after the date of this Agreement and prior to the beginning of the Fiscal Year for which the rates and charges are being determined, which have been financed by AUTHORITY from its own resources. Such annual amortization is to be calculated and based on the economic life for each capital item determined by AUTHORITY in accordance with generally accepted accounting principles at an interest rate equal to the average interest rate on outstanding AUTHORITY Bonds for the preceding calendar year or at such other rate as to which the Signatory Airlines and AUTHORITY may agree. In performing the calculations under this Section 7.08.01, no amortization charges shall be included on capital expenditures that have been financed with grants-in-aid or the proceeds of AUTHORITY Bonds or other securities, the debt service for which has been included elsewhere in this Section 7.08.01.

F. The estimated amount of any assessment, judgment, or charge (net of insurance proceeds) to become payable by AUTHORITY relating directly to the Airport or its operation and allocated to the Loading Bridges.

G. Any estimated deficit or credit for the operation of the Loading Bridges during the then-current Fiscal Year or any adjustment carried over from preceding Fiscal Years to reflect any difference between actual versus estimated expenses.

7.08.02. Loading Bridge Use Fee. The Loading Bridge Use Fee is calculated by dividing the Loading Bridge Use Fee requirement by the estimated number of Signatory Airline Loading Bridge Uses for the succeeding Fiscal Year as projected by the Executive Manager. The Loading Bridge Use Fee is payable monthly in accordance with Sections 6.05 and 6.09 hereof.

Section 7.09. Calculation of Apron Use Fee.

The Apron Use Fee shall be adjusted annually in the following manner. Whenever the adjustment calculation involves an estimate or allocation, the estimate or allocation of the Executive Manager shall be used. Such estimate or allocation shall be consistent with and pursuant to the terms and conditions of this Agreement.

7.09.01. Apron Area Requirement. Each year the Executive Manager shall calculate the Apron Area requirement for the succeeding Fiscal Year by totaling the following amounts, as set forth in AUTHORITY's Annual Budget:

A. The total of direct and allocated indirect estimated Operation and Maintenance Expenses allocated to the Apron Area.

B. An amount 1.25 times the pro rata portion of Airport Annual Debt Service, if any, allocated to the Apron Area, or such other amount as may be required by the Bond Indenture.

C. The pro rata portion of the annual requirement of any subordinate security or other loans of AUTHORITY allocated to the Apron Area.

D. The pro rata portion of the estimated amount, if any, for other deposits required by the Bond Indenture or this Agreement and allocated to the Apron Area.

E. The total amount or the pro rata portion of the annual amortization allocated to the Apron Area of any Capital Improvements placed in service by AUTHORITY prior to or after the date of this Agreement and prior to the beginning of the Fiscal Year for which the rates and charges are being determined, which have been financed by AUTHORITY from its own resources. Such annual amortization is to be calculated and based on the economic life for each capital item determined by AUTHORITY in accordance with generally accepted accounting principles at an interest rate equal to the average interest rate on outstanding AUTHORITY Bonds for the preceding calendar year or at such other rate as to which the parties may agree. In performing the calculations under this Section 7.09.01, no amortization charges shall be included on capital expenditures that have been financed with grants-in-aid or the proceeds of AUTHORITY Bonds or other securities, the debt service for which has been included elsewhere in this Section 7.09.01.

F. The estimated amount of any assessment, judgment, or charge (net of insurance proceeds) to become payable by AUTHORITY relating directly to the Airport or its operation and allocated to the Apron Area.

G. Any estimated deficit or credit for operation of the Apron Area during the then-current Fiscal Year or any adjustment carried over from the preceding Fiscal Years to reflect any difference between actual versus estimated expenses.

7.09.02. Apron Use Fee. The Apron Use Fee is calculated by dividing the Apron Area requirement by the estimate of the Total Takeoff Weight of all Signatory Airline Aircraft Arrivals at the Airport for the succeeding Fiscal Year as projected by the Executive Manager based in part on the estimates provided by the Signatory Airlines. The Apron Use Fee is payable monthly in accordance with Sections 6.07 and 6.09 hereof.

Section 7.10. Calculation of Landing Fee Rate.

The Landing Fee rate shall be adjusted annually in the following manner. Whenever the adjustment calculation involves an estimate, the estimate of the Executive Manager shall be used.

7.10.01. Landing Fee Rate Minimum. During the term of this Agreement, the Landing Fee rate shall be not less than zero cents (\$00.00) per one-thousand (1,000) pounds of Maximum Certificated Gross Takeoff Weight.

7.10.02. Airport Requirement. Each year, the Executive Manager shall calculate the Airport Requirement for the succeeding Fiscal Year by totaling the following amounts, as set forth in AUTHORITY's Annual Budget:

A. The total of the direct and indirect estimated Operation and Maintenance Expenses of AUTHORITY.

B. An amount 1.25 times Airport Annual Debt Service, or such other amount as may be required by the Bond Indenture.

C. The estimated amount of the annual requirement of any subordinate security or other loans pertaining to the Airport.

D. The estimated amount, if any, for other deposits required by the Bond Indenture or this Agreement.

E. The annual amortization allocated to the Terminal Building, Apron Area, Airfield Area, and Loading Bridges of the total amount of any Capital Improvements placed in service by AUTHORITY prior to or after the effective date of this Agreement and prior to the beginning of the Fiscal Year for which rates and charges are being determined, which have been financed by AUTHORITY from its own resources. Such annual amortization is to be computed based on the economic life for each capital item determined by AUTHORITY in accordance with generally accepted accounting principles at an interest rate equal to the average interest rate on outstanding AUTHORITY Bonds for the preceding calendar year or at such other

rate as to which the Signatory Airlines and AUTHORITY may agree. In performing the calculations under this Section 7.10.02, interest only will be charged for land acquisition, and no amortization charges shall be included on capital expenditures that have been financed with grants-in-aid or the proceeds of AUTHORITY Bonds or other securities, the debt service for which has been included elsewhere in this Section 7.10.02.

F. The estimated amount of any assessment, judgment, or charge (net of insurance proceeds) to become payable by AUTHORITY relating directly to the Airport or its operation.

G. Any overpayment or underpayment estimated for operation of the Airport during the then-current Fiscal Year or any adjustment carried over from preceding Fiscal Years, to reflect any difference between actual versus estimated revenues or expenses.

7.10.03. Landing Fee Requirement. The Landing Fee requirement for the succeeding Fiscal Year shall be calculated by subtracting the following Landing Fee credits from the Landing Fee requirement calculated pursuant to Section 7.10.02.

A. The revenue estimated to be derived by AUTHORITY in the succeeding Fiscal Year from Airport concessions, rents, fees, and charges from other than Signatory Airlines, service fees (excluding Passenger Facility Charges and FAA grants-in-aid), and use fees.

B. The unrestricted investment income estimated to be earned by AUTHORITY in the succeeding Fiscal Year from all funds and accounts except the Construction Fund and the Capital Improvement Fund.

C. The total of all Terminal Building rents, Departure Fees, Common Use Departure Fees, Arrival Fees, Immigration Inspection Fees, Loading Bridge Use Fees, and Apron Use Fees estimated to be paid by the Signatory Airlines during the succeeding Fiscal Year.

D. A credit equal to the balance in the Other Available Moneys Coverage Subaccount.

7.10.04. Landing Fee Rate. The Landing Fee rate for the succeeding Fiscal Year shall be calculated by dividing the Landing Fee requirement computed pursuant to Section 7.10.03 by the composite estimate of the total Maximum Gross Certificated Takeoff Weight of all Signatory Airline Aircraft Arrivals at the Airport for the succeeding Fiscal Year as projected by the Executive Manager based in part on the estimates provided by the Signatory Airlines pursuant to Section 7.03.01.

Section 7.11. Special Increases in Landing Fee Rate.

If the total Landing Fee requirement during any Fiscal Year is reasonably expected to vary by more than ten percent (10%) from the projected total Landing Fees requirement for such Fiscal Year, the Landing Fee rate may, if deemed necessary by the Executive Manager after consultation with the Signatory Airlines, which consultation may be by telephone, be revised (increased or

decreased) resulting in an adjusted Landing Fee effective April 1 of such Fiscal Year for the balance of such Fiscal Year by an amount equal to the difference between projected and revised total Landing Fee requirement divided by the estimated Total Takeoff Weight of all Signatory Airlines during the balance of such Fiscal Year. Such revision would occur no more than once in any Fiscal Year.

Section 7.12. Extraordinary Adjustments of Rents and Fees.

Notwithstanding any other provisions hereof, if, at any time during any Fiscal Year hereof, the revenues of the Airport are not sufficient to pay, when due, all items included in the reports by AUTHORITY prepared pursuant to this Article 7, or to pay any reasonable obligation or expense or cost incidental or necessary to, or arising out of, the operation of the Airport, including, without limitation, emergency repairs or expenses, the reasonably necessary cost of defending, settling, or satisfying any litigation or threatened litigation that relates to the Airport, or any aspect thereof, or to compensate for the loss of revenue by reason of any labor dispute, AUTHORITY may, upon notice to and consultation with the Signatory Airlines, adjust (pursuant to Sections 7.04 through 7.10 and 7.13) Terminal Building rents, Departure Fees, Common Use Departure Fees, Arrival Fees, Immigration Inspection Fees, Loading Bridge Use Fees, Apron Use Fees, and the Landing Fee rate to such amounts as are sufficient to assure AUTHORITY that all such items, expenses, and costs shall be paid in full, solely from revenues of the Airport, provided AUTHORITY has used its commercially reasonable best efforts to reduce its operating costs and budget for the then-current Fiscal Year before adjusting such rents and fees.

Section 7.13. Calculation of Common Use Departure Fee.

Common Use Departure Fees shall be adjusted annually in the following manner. Whenever the adjustment calculation involves an estimate or allocation, the estimate or allocation of the Executive Manager shall be used. Such estimate or allocation shall be made in accordance with and pursuant to, and be consistent with, the terms of this Agreement.

7.13.01. Common Use Departure Fee Requirement. Each year the Executive Manager shall calculate the Common Use Departure Fee requirement for the succeeding Fiscal Year by multiplying the total square footage of the Common Use Ticket Counter Space (as set forth in Exhibit C) by the average annual Terminal Building rental rate calculated in Section 7.04 above.

7.13.02. Common Use Departure Fee. The Common Use Departure Fee is calculated by dividing the Common Use Departure Fee requirement by the estimated number of total Signatory Airline Departing Passengers at the Airport for the succeeding Fiscal Year as projected by the Executive Manager that utilize the Common Use Ticket Counter Space. The Executive Manager will give consideration to estimates of numbers of passengers provided by the Signatory Airlines. The Common Use Departure Fee is payable monthly in accordance with Sections 6.03 and 6.09 hereof.

ARTICLE 8. BOND INDENTURE AND FLOW OF FUNDS

Section 8.01. Subordination to Bond Indenture.

8.01.01. Subordination. This Agreement and all rights of AIRLINE hereunder are expressly subordinated and subject to the lien and provisions of any pledge, transfer, hypothecation, or assignment made at any time by AUTHORITY pursuant to the terms, covenants, and conditions of present and future Bond Indentures, which are incorporated here by reference.

8.01.02. Conflicts. In the event of conflicts between this Agreement and the Bond Indenture, the Bond Indenture shall govern.

8.01.03. Definitions. All definitional terms that are not specifically defined herein are to have the meanings set forth in the Bond Indenture.

8.01.04. No Change in Method of Calculation Rents and Fees. AUTHORITY shall not enact any Bond Indenture or subsequently amend a Bond Indenture so as to require a change in the method of calculation of rents and fees payable hereunder or so as to materially adversely affect the rights of AIRLINE hereunder.

Section 8.02. Flow of Funds.

8.02.01. Airport Revenue and PFC Proceeds. Subject to the terms and provisions of the Bond Indenture, it is mutually understood and agreed that, as long as any Bonds secured by the Bond Indenture are outstanding, all Airport Revenue and PFC proceeds shall be deposited, maintained, and paid as set forth in the Bond Indenture.

8.02.02. Airport Revenue. All revenues derived from the Airport in each Fiscal Year shall be deposited in the Revenue Fund and used and applied in the following priority:

A. Operation and Maintenance Fund. To the Operation and Maintenance Fund, an amount sufficient to increase the balance in the fund to at least the amount in the Annual Budget for Operation and Maintenance Expenses. Amounts shall be paid out of the Operation and Maintenance Fund from time to time by AUTHORITY for the necessary expenses for the operation, maintenance, repairs, and ordinary replacement and reconstruction of the Airport.

B. Bond Fund. To the Bond Fund held by the Trustee, an amount equal to the aggregate annual amount of principal, interest, and Sinking Fund Requirement on any outstanding Bonds payable from annual Airport Revenue. Amounts shall be paid out of the Bond Interest, Principal and Sinking Fund Accounts from time to time as necessary to pay required interest and principal and the Sinking Fund Requirement due on any Bonds outstanding and payable from Airport Revenue.

C. Bond Reserve Fund. To the Bond Reserve Fund held by the Trustee, an amount, if any, required to maintain a balance at least equal to the maximum Annual Bond Debt Service on all outstanding Bonds issued by AUTHORITY. Amounts shall be paid out of the Bond Reserve Fund, from time to time as necessary, to pay interest and principal due on any

Bonds outstanding and payable from Airport Revenue to the extent that other moneys are not available within the Bond Fund.

D. Subordinate Securities Fund. To the Subordinate Securities Fund held by the Trustee, an amount, if any, necessary to pay the annual requirements on any Subordinate Securities or other obligations of the Airport payable from Airport Revenue. Amounts shall be paid out of the Subordinate Securities Fund, from time to time as necessary, to pay any Subordinate Securities or other obligations payable from Airport Revenue.

E. Operation and Maintenance Reserve Fund. To the Operation and Maintenance Reserve Fund, an amount, if any, required to increase the amount in the Operation and Maintenance Reserve Fund to equal one-fourth (1/4) of the total Operation and Maintenance Expenses budgeted by AUTHORITY, pursuant to the Annual Budget, as revised, filed in accordance with Section 7.03, for the then-current Fiscal Year.

F. Renewal and Replacement Fund. To the Renewal and Replacement Fund, an amount, if any, needed to increase the amount in the Renewal and Replacement Fund to equal the greater of one million dollars (\$1,000,000) or such other amount as may be established by AUTHORITY consistent with the Bond Indenture.

G. Capital Improvement Fund. To the Capital Improvement Fund, the balance remaining in the Revenue Fund after the foregoing deposits have been made. Deposits to the Capital Improvement Fund will be held in the following accounts and made in the following priority:

1. PFC Capital Account: An amount equal to the net PFC proceeds in excess of that amount used to fund debt service on Bonds, the proceeds of which were used to finance PFC projects, plus interest on PFC funds.

2. Capital Improvement Account: All remaining balances after all required deposits have been made to each of the foregoing funds and accounts shall be allocated between and deposited to Capital Improvements Subaccount and Other Available Moneys Coverage Subaccount, as follows:

- (1) Other Available Moneys Coverage subaccount: The lesser of (a) fifty percent (50%) of the deposit to the Capital Improvement Account or (b) debt service coverage for such Fiscal Year, to be carried forward in the Other Available Moneys Coverage Subaccount and applied in each succeeding Fiscal Year during the term of this Agreement in the priority identified in Section 8.02.02 and as the basis for determining credits to rents and fees as provided in Sections 7.04 and 7.10.

- (2) Capital Improvements Subaccount: All remaining amounts in the Capital Improvement Account, to pay the eligible costs of improving, constructing or otherwise acquiring any enlargements, expansions, extensions of, or any other improvements to the Airport, or to provide for the early retirement of Airport revenue bonds or other debt obligations.

If, at the end of any Fiscal Year in which Bonds or other debt obligations payable from Airport Revenue remain outstanding, the balance in the Capital Improvement Subaccount not programmed or encumbered pursuant to Article 5 exceeds the greater of (a) thirty million dollars (\$30,000,000) or (b) the sum of annual deposits to the Capital Improvement Subaccount for the three (3) most recent Fiscal Years for which such data are available, then such excess shall be transferred as soon as possible to the Bonds Fund and be used to provide for: (i) the early retirement of such Bonds, (ii) refinancing of outstanding bonds, or (iii) other obligations at such time as AUTHORITY determines market conditions to be favorable for such purpose.

If, within two (2) years of the date of such transfer, AUTHORITY has not used such funds for such purpose, the funds will be transferred to the Other Available Moneys Coverage Subaccount.

ARTICLE 9. MAINTENANCE, REPAIR, ALTERATIONS, AND IMPROVEMENTS

Section 9.01. AIRLINE's Responsibilities.

It is understood and agreed that AIRLINE and AUTHORITY shall have the following maintenance and repair obligations:

9.01.01. Good Condition. AIRLINE agrees that, at the effective date that Exclusive Use Space is included in AIRLINE's Agreement with AUTHORITY, such space is in good and tenantable condition.

9.01.02. Janitorial Services and Non-Structural Repairs. AIRLINE, except as hereinafter provided, shall not call on AUTHORITY for any of the following janitorial services or nonstructural repairs to its Exclusive Use Space, and AIRLINE shall, at its sole expense and in a manner reasonably acceptable to AUTHORITY:

A. Maintain its Exclusive Use Space in the conditions prevailing at the effective date that Exclusive Use Space is included in AIRLINE's Agreement with AUTHORITY, subject to reasonable wear and tear.

B. Pay as Additional Rent to AUTHORITY the cost to AUTHORITY of providing in AIRLINE's Exclusive Use Space such water, sewer service, electricity, heating and air conditioning and other utilities which exceed that which is normally provided in first class office space. The cost to AIRLINE shall be determined, at the option of AUTHORITY, by meter or by a flat rate, calculated according to the proportion of the utility service used by AIRLINE and in the same manner as such flat rate is calculated for other utility users on the Airport.

C. Perform, at its sole expense, ordinary preventive maintenance and ordinary upkeep and nonstructural repair of all facilities, personal property, and equipment in its Exclusive Use Space, including all AIRLINE installed electrical work, plumbing, appliances, and fixtures located within its Exclusive Use Space, as well as all of AIRLINE's facilities, property, and equipment in non-exclusive areas. AUTHORITY, at its own expense, shall maintain the

exterior portions of the walls and roof of the Exclusive Use Space and all central mechanical distribution systems in good repair and condition.

D. Immediately repair any damage in any other space at the Airport occasioned by the fault or negligence of AIRLINE, its employees, agents, suppliers, or invitees and not covered by insurance carried by AUTHORITY.

9.01.03. Use of Joint Use Apron Area. When using the Joint Use Apron Area, AIRLINE will use its best efforts to keep the area in a neat, clean, and orderly condition, free from litter, debris, refuse, petroleum products, or grease that may result from activities of its employees, agents, suppliers, or invitees; and remove all oil and grease spillage that is attributable to AIRLINE's aircraft or equipment from its aircraft parking positions.

9.01.04. No Liability to AUTHORITY. AIRLINE expressly agrees that AUTHORITY shall not be liable to AIRLINE, its employees, agents, suppliers, or invitees, for bodily injury or for any loss or damage to real or personal property occasioned by flood, fire, earthquake, lightning, windstorm, hail, explosion, riot, strike, civil commotion, smoke, vandalism, malicious mischief, or acts of civil authority and not caused by the negligence or willful acts or omissions of AUTHORITY.

9.01.05. AUTHORITY Recovery of Costs. If AIRLINE fails to perform its obligations under this Article 9, AUTHORITY may do so after reasonable notice and recover its entire cost including all fines and penalties plus a fifteen percent (15%) administrative charge from AIRLINE as Additional Rent on the next rent date.

Section 9.02. AUTHORITY's Responsibilities.

9.02.01. Airport in Good Repair. AUTHORITY, during the term of this Agreement, shall keep in good repair, or arrange for the operation, maintenance, and good repair of, the Airport, including, but not limited to, the Public Areas and the Joint Airline Use Space of the Terminal Building, AUTHORITY-installed and owned baggage equipment, passenger loading bridges, and common use equipment, vehicular parking areas, runways, airfield lighting, taxiways, aprons, roadways, and all appurtenances, facilities, and services now or hereafter connected with the foregoing. AUTHORITY, to the extent within its jurisdiction, also shall keep the Airport free from obstruction, including, without limitation, vegetation, stones, and other foreign matter, as reasonably necessary, from the runways, ramp area, taxiways, roadways, vehicular parking areas, and aircraft parking areas for the safe, convenient, and proper use of the Airport by AIRLINE.

9.02.02. Airport Maintenance. AUTHORITY shall keep, or make appropriate arrangements to keep, the Public Areas, holdrooms, and Joint Airline Use Space of the Terminal Building adequately and attractively equipped, furnished, decorated, clean, and presentable. AUTHORITY shall use its best efforts to provide and supply in such areas of the Terminal Building signs, heat, electricity, light, power, air conditioning, wastewater disposal, water, and janitorial services, including rubbish removal. Interruptions or the lack of services shall not constitute a breach of this Agreement by AUTHORITY, but AUTHORITY shall use its best efforts to restore such service after interruption.

9.02.03. Structural Maintenance. AUTHORITY shall only be called upon by AIRLINE to provide, in AIRLINE's Exclusive Use Space, structural maintenance, general plumbing and maintenance of light fixtures. AIRLINE will relamp and provide general plumbing maintenance (for AIRLINE installed plumbing) in AIRLINE Exclusive Use Space.

9.02.04. AIRLINES's Responsibility. The undertakings by AUTHORITY under this Section 9.02 do not relieve AIRLINE of its duties to maintain its Exclusive Use Space and to use Joint Airline Use Space with due care.

9.02.05. Re-Assignment of Capital Undertakings. From time to time, the Authority and the Signatory Airlines may agree to re-assign capital undertakings and/or maintenance responsibilities for Authority-owned airline terminal equipment, including, but not limited to, passenger loading bridges, baggage handling systems, common use equipment, and other facilities under this Agreement. Such agreement shall in no way provide for exclusive rights for any particular Signatory Airline(s). Such re-assignment may be made at the request of the Authority or any Signatory Airline and must be by mutual written agreement of the Authority and all Signatory Airlines

Section 9.03. AUTHORITY's Right to Inspect and Make Repairs.

AUTHORITY, by its authorized officers, employees, agents, contractors and subcontractors, and other representatives, shall have the right (at such times as may be reasonable under the circumstances and with as little interruption of AIRLINE's operations as is reasonably practicable and upon notice to AIRLINE) to enter AIRLINE's Exclusive Use Space and Joint Airline Use Space for the following purposes:

9.03.01. Inspect. To inspect such space to determine whether AIRLINE has complied and is complying with the terms and conditions of this Agreement.

9.03.02. Repair. To accomplish repairs or replacements by AUTHORITY pursuant to Section 9.02, or in any case where AIRLINE is obligated to make repairs or replacements and has failed to do so, after notice, make such repairs or replacements on AIRLINE's behalf.

9.03.03. Police Powers. In the exercise of AUTHORITY's police powers. No such entry by or on behalf of AUTHORITY upon any Exclusive Use Space leased to AIRLINE shall cause or constitute a termination of the letting thereof or be deemed to constitute an interference with the possession thereof by AIRLINE.

Section 9.04. Alterations and Improvements.

AIRLINE shall make no alterations, additions, improvements to, or installations on the space leased under this Agreement without the prior written approval of the Executive Manager. The Executive Manager may require plans, specifications, and other such related information for approval.

**ARTICLE 10. DAMAGE OR DESTRUCTION, INSURANCE,
INDEMNIFICATION, AND RELEASE OF LIABILITY**

Section 10.01. Damage or Destruction.

Should the premises used by AIRLINE hereunder or portions thereof or buildings or structures of which portions of such premises may be a part be damaged by fire or other casualty, and if the damage is repairable within a reasonable time from the date of the occurrence, the premises shall be repaired with due diligence by AUTHORITY, and in the meantime the rental allocable to the particular building, rooms or other portion of the premises rendered untenable, for the period from the occurrence of the damage to the Completion of the repairs, shall be abated in the same proportion that the untenable portion thereof bears to the whole thereof, or, if the damage or destruction has rendered the entire building untenable, said rental shall be abated entirely.

Should the premises used by AIRLINE hereunder or portion thereof or buildings or structures of which portions of such premises may be a part be completely destroyed by fire or other casualty, or should they be damaged to such an extent that the damage cannot, in the opinion of AUTHORITY, be repaired within a reasonable time after the occurrence, AUTHORITY or AIRLINE shall have the option to terminate this Agreement to the extent that it shall apply to the particular building, rooms or other portions of the premises so rendered untenable, on sixty (60) days written notice effective as of any date not more than ninety (90) days after the occurrence. In the event that this paragraph shall become applicable, the parties shall advise each other within thirty (30) days after the happening of any such damage whether they have elected to continue this Agreement in effect as to the portions of the premises damaged or destroyed, or to terminate it. If the parties shall elect to continue this Agreement, AUTHORITY shall commence and prosecute with due diligence any work necessary to restore or repair the premises and will exert its best efforts to provide AIRLINE with temporary substitute space while the repairs are being completed. If either party shall fail to notify the other party of its election within said thirty (30) day period, AUTHORITY shall be deemed to have elected to terminate this Agreement as to the portions of the premises damaged or destroyed, and this Agreement shall automatically terminate as to such portions ninety (90) days after the occurrence of the damage. For the period from the occurrence of any damage to the premises to the date of completion of the repairs to the premises (or to the date of termination of the Agreement as to such portions of the premises if AUTHORITY does not restore them), the rental allocable to the particular building, rooms or other portion of the premises involved shall be abated in the same proportion as the untenable portion thereof bears to the whole thereof, or, if the damage has rendered the entire building untenable, said rental shall be abated entirely, and upon termination of the Agreement as to such damaged or destroyed premises, AIRLINE shall have no further obligation to pay the rental allocable thereto. If temporary substitute space is furnished by AUTHORITY, a reasonable rental may be charged therefor.

Section 10.02. Insurance.

10.02.01. Required Insurance. AIRLINE shall purchase and maintain in force the following insurance coverage as appropriate:

A. Comprehensive airline liability insurance, including coverage for premises, products, hangarkeepers legal liability and liquor liability, for claims of property damage, bodily injury, or death allegedly resulting from AIRLINE's activities into, on, and leaving any part of the Airport, in an amount not less than four hundred fifty million dollars (\$450,000,000).

B. Automobile liability insurance in an amount adequate to cover vehicles operating on the Airport in an amount not less than four million dollars (\$4,000,000).

10.02.02. Bonds. AUTHORITY, in operating the Airport, will carry and maintain Airport liability insurance in accordance with the Bond Indenture in such amounts as would normally be maintained by public bodies engaged in carrying on similar activities.

10.02.03. Increases in Coverage. The parties understand and agree that the minimum limits of the insurance herein required may become inadequate during the term of this Agreement, and AIRLINE and AUTHORITY agree that each will increase such minimum limits by reasonable amounts on request of the other party. Increases in coverage will be consistent with minimum limits at other airports similarly situated.

10.02.04. Form Satisfactory to AUTHORITY. All policies of insurance required herein shall be in a form and with a company or companies reasonably satisfactory to AUTHORITY and shall name AUTHORITY as additionally insured to the extent of the liability assumed by AIRLINE in Section 10.04 herein. Each such policy shall provide that such policy may not be materially changed, altered, or cancelled by the insurer during its term without first giving at least sixty (60) days written notice to AUTHORITY.

10.02.05. Certificates of Insurance. Policies or certificates of required coverages shall be delivered to AUTHORITY.

10.02.06. Renewal. Before the expiration of any then-current policy of insurance, AIRLINE shall deliver to AUTHORITY evidence showing that such insurance coverage has been renewed. Within fifteen (15) days after the date of written notice from the insurer of cancellation or reduction in coverage, AIRLINE shall deliver to AUTHORITY certificate of insurance evidencing that the required coverage has been reinstated or otherwise provided.

10.02.07. Material Requirement. The insurance coverage described above is a material condition of this Agreement. If at any time AIRLINE shall fail to obtain or maintain in force the insurance required herein, the Executive Manager may suspend AIRLINE's right to operate at the Airport.

10.02.08. Claims Filed with AIRLINE. If any claim for damages is filed with AIRLINE or if any lawsuit is instituted against AIRLINE, AIRLINE shall give prompt and timely notice thereof to AUTHORITY, provided that claims and lawsuits subject to such notice are only those that arise out of, or are in any way connected with AIRLINE's use of the leased premises or AIRLINE's operations or activities in regard to the Airport and that in any way, directly or indirectly, contingently or otherwise, affect or might reasonably affect AUTHORITY. Notice shall

be deemed prompt and timely if given within thirty (30) days following the date of receipt of a claim or thirty (30) days following the date of service of process of a lawsuit. Accident or property damage claims in an amount less than twenty-five thousand dollars (\$25,000) shall be excluded from the requirements of this Section 10.02.08.

10.02.09. Claims Filed with AUTHORITY. If any claim for damages is filed with AUTHORITY or if any lawsuit is instituted against AUTHORITY, AUTHORITY shall give prompt and timely notice thereof to AIRLINE, provided that claims and lawsuits subject to such notice are only those that arise out of or are in any way connected with the operation of the Airport by AUTHORITY and that directly affect AIRLINE. Notice shall be deemed prompt and timely if given within thirty (30) days following the date of receipt of a claim or thirty (30) days following the date of service of process of a lawsuit.

10.02.10. Time Limitations Discretionary. The time limitations set forth in Sections 10.02.08 and 10.02.09 are discretionary. If the notice required to be given by these sections is late, that is, if notice is not given within the time period set forth therein, the party is not precluded from establishing that the notice actually given was prompt and timely under the circumstances of the particular claim or lawsuit, unless by the failure to give such notice within the applicable time period, the other party has been prejudiced in its ability to consider such claim or to respond or to properly defend such lawsuit, if the other party is so prejudiced by a late notice, then the late notice shall not be deemed to be prompt and timely.

Section 10.03. Indemnification.

AIRLINE shall protect, defend, and hold AUTHORITY and its officers, directors, employees, agents and representatives harmless from and against all liabilities, losses, suits, claims, judgments, fines, or demands arising by reason of injury or death of any person or damage to any property, including all reasonable costs for investigation and defense thereof (including but not limited to attorney fees, court costs, and expert fees), of any nature whatsoever arising out of the use, occupancy or operations of AIRLINE at or about, the Airport or the acts or omissions of AIRLINE's officers, agents, employees, contractors, subcontractors, licensees, or invitees, regardless of where the injury, death, or damage may occur, unless such injury, death, or damage is caused by the negligence of AUTHORITY. The Executive Manager shall give to AIRLINE prompt notice of any such claims or actions. The provisions of this section shall survive the expiration or early termination of this Agreement with respect to matters arising before such expiration or early termination.

Subject to the limitations of Territory law, AUTHORITY shall protect, defend, and hold AIRLINE and its officers and employees completely harmless from and against any and all liabilities, losses, suits, claims, judgments, fines, or demands arising by reason of injury or death of any person or damage to any property, including all reasonable costs for investigation and defense thereof (including but not limited to attorney fees, court costs, and expert fees), of any use or occupancy of any nature whatsoever to the extent not caused by the negligence of AIRLINE.

Section 10.04. Release of Liability re: Certain Damages.

AUTHORITY shall not be liable for, and is hereby released from, all liability to AIRLINE, to AIRLINE's insurance carrier, or to anyone claiming under or through AIRLINE for any loss or damage whatsoever to the property or effects of AIRLINE resulting from the discharge of water or other substances from pipes, sprinklers, or conduits, containers or appurtenances thereof or fixtures thereto, or for any damage resulting from the discharge or failure of electric current, regardless of cause or origin, except for such damage as may be primarily caused by reason of the negligence of AUTHORITY, its employees, or agents. The provisions of this Section 10.04 shall not be construed as a limitation of AUTHORITY's rights pursuant to Section 10.03, but are additional to the rights and exclusions from liability provided in Section 10.03.

ARTICLE 11. ASSIGNMENT OF SPACE, MERGER, AND BANKRUPTCY

Section 11.01. Assignment and Subletting.

As a condition of this Agreement, AIRLINE shall not assign this Agreement, or any part hereof, or transfer any interest herein, in any manner whatsoever or sublet the premises or any part thereof or any of the privileges recited herein, except to a wholly owned subsidiary or a parent company with a controlling interest. AIRLINE will provide the AUTHORITY with any and all assignment documents in form and substance satisfactory to the AUTHORITY, sixty (60) days prior to any assignments.

Section 11.02. Nonwaiver of Responsibility.

No assignment, transfer, conveyance, sublease, or granting a nonexclusive license by AIRLINE shall relieve AIRLINE of its responsibility for payment of rent and performance of all other obligations provided in this Agreement, without specific written consent of the Executive Manager to such relief.

Section 11.03. Relinquishment of Space.

If AIRLINE desires to relinquish any of its Exclusive Use Space or any rights to Joint Airline Use Space, AIRLINE may notify the Executive Manager of the space available, and the Executive Manager shall use his or her best efforts to reassign the space to another airline. No reassignment by the Executive Manager, nor any assignment, transfer, conveyance, or sublease by AIRLINE shall relieve AIRLINE of its primary responsibility for payment of rent and performance of all other obligations provided in this Agreement, without specific written consent by the Executive Manager to such relief.

Section 11.04. Ground Handling Agreements.

In the event AIRLINE agrees to ground handle any portion of the operations of another certificated Air Transportation company providing service at the Airport, AIRLINE shall provide the Executive Manager advance written notice of such proposed activities, including a description of the type and extent of services to be provided. Notwithstanding the provisions of the foregoing,

(1) AIRLINE may not ground handle such other Air Transportation company without the prior written permission of the Executive Manager if such Air Transportation company does not have in force an agreement with AUTHORITY, and (2) ground handling services are subject to the gross receipts tax of the Government of Guam. Such tax proceeds are revenue to the Government of Guam and are not Airport Revenue.

Section 11.05. Merger.

Section 11.01 shall not prevent the assignment of this Agreement to any corporation with which AIRLINE may merge or consolidate, or which may succeed to the business of AIRLINE pursuant to a merger or consolidation, but due notice of any such assignment shall be given to the Executive Manager upon any merger, consolidation, or succession, including a copy of documents related to such merger, consolidation, or succession which are a matter of public record.

Section 11.06. Security Deposit.

If AIRLINE is delinquent in the payment of its rents, landing fees and other fees due in accordance with the terms and conditions of this Agreement, and has failed to cure such delinquency as stipulated in Section 6.16 hereof, for three (3) months out of any Fiscal Year, the Executive Manager may require that within thirty (30) days, AIRLINE shall remit to AUTHORITY a security deposit which amount shall be based upon (a) AIRLINE's estimated Landing Fees for two (2) months (as determined on the basis of AIRLINE's published flight schedule as of that date times the actual Landing Fee rate effective as of that date), (b) AIRLINE's estimated Exclusive and Joint Airline Use Space rents for two (2) months (as determined on the basis of AIRLINE's actual leased space as of that date times the actual rental rates effective as of that date, using activity data for the most recent calendar month to allocate Joint Airline Use Space costs), (c) AIRLINE's estimated Arrival Fee for two (2) months (as determined on the basis of AIRLINE's published flight schedule as of that date times the actual Arrival Fee effective as of that date), (d) AIRLINE's estimated Loading Bridge Use Fees for two (2) months (as determined on the basis of AIRLINE's published flight schedule as of that date times the actual Loading Bridge Use Fee effective as of that date), and (e) AIRLINE's estimated Apron Use Fees for two (2) months (as determined on the basis of AIRLINE's published flight schedule as of that date times the actual Apron Use Fee effective as of that date). The security deposit may be adjusted by AUTHORITY as AIRLINE's flight activity, passenger activity, and space rental commitment increases or decreases.

If AIRLINE is a new entrant to the Airport, or if AIRLINE was previously a non-signatory to this Agreement, then the Executive Manager will require AIRLINE to remit to AUTHORITY a security deposit equivalent to two (2) months of the rents, estimated landing fees and other fees set out above. This security deposit may be returned at such time that the Executive Manager determines that the AIRLINE has demonstrated fiscal responsibility.

Such deposit shall be in the form of an irrevocable letter of credit, or other security satisfactory to AUTHORITY, in a form approved by the Executive Manager. If AUTHORITY accepts cash deposits, the interest on cash deposits shall be retained by AUTHORITY and used in the calculation of rents and fees.

Document(s) evidencing this deposit must provide that the same shall be periodically renewed until the beginning of the month of October following termination or cancellation of this Agreement as is herein provided.

If payments required by AIRLINE under the terms of this Agreement are not made in accordance with the payment provisions set forth in Article 6, AUTHORITY shall have the right to forfeit, take, and use so much of such security deposit as may be necessary to make such payment in full and to exercise any other legal remedies to which it may be entitled. In this event, AIRLINE shall, within thirty (30) days, remit to AUTHORITY such amount as is required to restore AIRLINE's security deposit to the required balance.

Section 11.07. Bankruptcy.

Section 11.01 shall not apply to any valid assumption or assignment of this Agreement, the leased space, or any part thereof, by a trustee, or AIRLINE as a debtor in possession under Section 365 of the Bankruptcy Code of 1978, as amended, provided that adequate assurance of future performance as provided by Section 365 of the Bankruptcy Code of 1978, as amended, for the purposes of the assumption or assignment of this Agreement shall include, but shall not be limited to:

11.07.01. Source of Rent. Adequate assurance of the reliability of the proposed source for the rents due under this Agreement on the assumption or assignment of this Agreement.

11.07.02. Continuation. Adequate assurance that all other consideration due under this Agreement shall be forthcoming after the assumption or assignment of this Agreement.

11.07.03. Surety Bond. The procurement of a bond from a financially reputable surety covering any costs or damages incurred by AUTHORITY in the event that AUTHORITY, within one (1) year following the assumption or assignment of this Agreement, becomes entitled to and exercises any right to reassign the leased space covered by this Agreement under Section 4.02 of this Agreement.

Section 11.08. Consent.

Consent by the Executive Manager to any type of transfer provided for by this Article 11 shall not in any way be construed to relieve AIRLINE from obtaining further consent for any subsequent transfer or assignment of any nature whatsoever.

ARTICLE 12. DEFAULT

Section 12.01. Default.

If AIRLINE fails to (1) pay rent or another payment past due hereunder within ten (10) days after receipt of written notice of the due date; (2) commence immediately to keep and perform

any of its other covenants and agreements within twenty (20) days after receipt of written notice; or (3) continue to complete any of its covenants and agreements after performance is commenced, or after the filing of any petition, proceedings, or action by, for, or against AIRLINE under any insolvency, bankruptcy, or reorganization act of law; then after notice and at the election of AUTHORITY:

12.01.01. AUTHORITY May Reenter. After terminating this Agreement, AUTHORITY may reenter the space and alter, modify, improve and relet all or any part of it to others, for the account of AIRLINE, including costs of renovation and fifteen percent (15%) administrative fee to be paid to AUTHORITY for all sublease rents received, and AIRLINE shall promptly reimburse AUTHORITY for any deficiency in rents or other payments received under such subletting, as compared with AIRLINE's obligations hereunder.

12.01.02. AUTHORITY May Terminate. At any time before or after a reentry and reletting as provided in Section 12.01.01, AUTHORITY may terminate AIRLINE's rights under this Agreement, and AUTHORITY may reenter and take possession of all space, and terminate all rights and privileges granted to AIRLINE hereunder, without any restriction on recovery by AUTHORITY for past due rents and other obligations of AIRLINE.

12.01.03. Remedies on Default. In the event of default by AIRLINE which is not cured in accordance with this Article 12, AUTHORITY is entitled to the following:

A. To recover reasonable attorneys' fees, consultant fees, or other expenses associated with the default together with any court cost and the cost of removing and storing any property of AIRLINE, and

B. To place a lien on all nonflight, property and equipment of AIRLINE for the amount owed to the extent that such lien does not violate any other lawful agreement covering such nonflight property and equipment that AIRLINE is party to, and

C. In the event AUTHORITY must remove and store property of AIRLINE, AIRLINE agrees to reimburse AUTHORITY reasonable storage fees plus fifteen percent (15%) for administration costs, and

D. In the event AUTHORITY must store AIRLINE property and the property remains unclaimed, AUTHORITY will post notice for thirty (30) days, during this notice period, AUTHORITY will publish notice three (3) times in the local daily newspaper. At the end of the notice period, AUTHORITY will sell such property by "private power of sale".

12.01.04. Receipt. As used in this Section 12.01, receipt shall mean (1) two days after date of mailing by Certified Mail to proper address set forth in this Agreement, or (2) upon actual receipt of notice upon delivery to AIRLINE's office on Guam and receipt of the notice by a supervisory or management employee of AIRLINE. As to personal services or delivery, AUTHORITY shall use its best efforts to ensure that any notice is actually received. AUTHORITY will make a best effort to obtain from a management employee a confirmation of receipt.

Section 12.02. Additional Rights of AUTHORITY.

In the event of a breach or default or threat of breach or default by AIRLINE of any of the covenants or provisions hereof, AUTHORITY shall have the right to seek an injunction and the right to invoke any remedy allowed by law or in equity as if re-entry, summary proceeding and other remedies were not herein provided for. Mention in this Agreement of any particular remedies shall not preclude AUTHORITY from any other remedy, in law or in equity.

AUTHORITY shall have all additional rights and remedies as may be provided to landlords by law.

ARTICLE 13. RULES AND REGULATIONS, COMPLIANCE WITH LAW, NONDISCRIMINATION

Section 13.01. Rules and Regulations.

13.01.01. Use. AIRLINE shall not use or permit the use of any Airport facilities by its officers, employees, or any other persons over whom it has control for any purpose or use other than those specifically authorized by this Agreement, and such other purposes or uses as may be mutually agreed upon in writing.

13.01.02. Compliance. At its sole cost and expense, AIRLINE shall comply with and shall require its officers and employees and any other persons over whom it has control to comply with such Policies and Procedures and Rules and Regulations governing the use of Airport facilities pursuant to this Agreement as may from time to time be adopted and promulgated by AUTHORITY including, but not limited to, health, safety, environmental concern, sanitation, and good order, and with such amendments, revisions, or extensions thereof as may from time to time be adopted and promulgated by AUTHORITY. AUTHORITY shall not adopt or promulgate Policies and Procedures and Rules and Regulations that conflict with this Agreement.

13.01.03. Access. AIRLINE's right of access to the Airport shall be subject to all local and federal laws or regulations and all Airport rules, regulations, and ordinances now in effect or hereinafter adopted or promulgated.

13.01.04. Exclusive Use Space. AIRLINE shall, at all times, maintain its Exclusive Use Space in compliance with any and all present and future laws, ordinances, and general rules or regulations of any public or governmental authority now or at any time during the term of this Agreement in force relating to environment, sanitation, or public health, safety, or welfare.

13.01.05. Right to Contest. Nothing herein contained shall be construed to prevent AIRLINE from contesting the validity, reasonableness, or applicability of any federal or local law, regulation, or ordinance now in effect or hereinafter adopted or promulgated and AIRLINE shall not be deemed to be in default of any requirement of this Agreement so long as such contest is diligently prosecuted in an appropriate forum by AIRLINE or any other party to a similar agreement having interests consistent with those of AIRLINE, or until thirty (30) days following the entry of a final judgment contrary to AIRLINE's position. However, should

AIRLINE contest the validity or applicability of any tax or fee, the payment of which might constitute a lien on Airport facilities, AUTHORITY may require the posting of a bond or placing in escrow of the amount of such tax or fee pending the outcome of such contest in order to avoid the imposition of such lien.

Section 13.02. Compliance with Law.

13.02.01. Use. AIRLINE shall not use its Exclusive Use Space, Joint Airline Use Space or any part thereof, or permit the same to be used by any of its employees, officers, agents, subtenants, invitees, or licensees for any illegal purposes and shall, at all times during the term of this Agreement, with respect to exercise of its rights hereunder, comply with all applicable ordinances, laws, and Rules and Regulations of AUTHORITY (subject to Section 13.01 above) and of the Government of Guam, or any city or governmental agency, or of the U.S. Government, that may have jurisdiction to pass laws or ordinances or to make and enforce rules or regulations with respect to the uses hereunder or the Exclusive Use Space, Joint Airline Use Space, or any part thereof.

13.02.02. Compliance. At all times during the term of this Agreement, AIRLINE shall, in connection with its activities and operations on the Airport:

A. Comply with and conform to all existing and future statutes and ordinances, and the rules and regulations promulgated thereunder, of all federal, Territorial, and other governmental bodies of competent jurisdiction that apply to or affect, either directly or indirectly, AIRLINE or AIRLINE's operations and activities under this Agreement.

B. Make, at its own expense, all nonstructural improvements, repairs, and alterations to its Exclusive Use Space, equipment, and personal property that are required to comply with or conform to all Laws, ordinances, and rules and regulations of federal, Territorial, and other governmental bodies of competent jurisdiction that apply to AIRLINE or AIRLINE's operation on the Airport.

C. Be and remain an independent contractor with respect to all installations, construction, and services performed by or at the request of AIRLINE hereunder.

13.02.03. Security Compliance. Airline shall comply with and conform its use of the Premises to AUTHORITY's Airport Security Program, Security Directives and Emergency Amendments in addition to TSA and FAA regulations (collectively, "Security Requirements"). Airline shall require all persons, including without limitation its agents, employees, or invitees, entering the Airport, including without limitation, surrounding facilities, parking lots, and runways, (collectively the "Airport Premises") to comply with the Security Requirements and the Airport Rules and Regulations. Airline agrees to pay, indemnify and save Authority harmless from and against any and all fines and penalties imposed or assessed on Authority and/or Airline for any breach of the Security Requirements by Airline, its agents, employees, or invitees, whether intentional, non-intentional, or through negligence occurring on the Airport Premises during the term, or any extended term, of this Agreement.

Section 13.03. Nondiscrimination.

13.03.01. Federal Aviation Administration Required Provisions. Airline shall comply with the provisions of Exhibit F, as interpreted from time to time by the United States Department of Transportation (“USDOT”) or the FAA.

13.03.02. American with Disabilities Act. Airline further agrees to comply with all provisions of Public Law 101-336, as well as 28 C.F.R. Part 35 and 29 C.F.R. Part 1630 (Americans with Disabilities Act), as amended from time to time during the term of this Agreement. Such law prohibits discrimination on the basis of disability by private entities in places of public accommodation and requires that all new places of public accommodation and commercial facilities be designed and constructed so as to be readily accessible to and usable by persons with disabilities.

13.03.03. Requirements. Airline shall:

A. Furnish services on a reasonable, and not unjustly discriminatory, basis to all users thereof, and

B. Charge reasonable, and not unjustly discriminatory, prices for each unit or service, provided that Airline may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

ARTICLE 14. COVENANT NOT TO GRANT MORE FAVORABLE TERMS

Section 14.01. Covenant Not to Grant More Favorable Terms.

14.01.01. Covenant. AUTHORITY covenants that it will not enter into any lease, contract, or any other agreement: with any other Air Transportation company containing materially more favorable terms than this Agreement, or to grant to any tenant engaged in Air Transportation, rights or privileges with respect to the Airport that are not accorded AIRLINE hereunder, unless the same rights, terms, and privileges are concurrently made available to AIRLINE. This covenant shall not extend to any carrier only operating aircraft less than fifty thousand (50,000) pounds Maximum Certificated Gross Take-Off weight.

14.01.02. Agreement Required. If any aircraft operator shall undertake any operations at the Airport for the carriage for compensation or hire of passengers, cargo, or mail by air, AUTHORITY shall require, to the extent legally permissible, such other aircraft operator to execute and deliver an agreement, permit, license, lease, or contract with AUTHORITY providing for:

A. The payment of Landing Fees at rates and on such other terms and conditions as are not more favorable to the other party than those rates or terms and conditions then in effect for AIRLINE.

B. The payment of rents for any space leased from AUTHORITY in the Terminal Building at rates not less than those rental rates then payable by AIRLINE for similar space.

C. The payment for use by such aircraft operator of all Joint Airline Use Space and operating costs of all baggage handling or other passenger service systems, calculated and billed to such party as in the case of AIRLINE.

ARTICLE 15. TERMINATION

Section 15.01. Events Permitting Termination of Agreement by AIRLINE.

AIRLINE may terminate this Agreement and terminate all of its future obligations hereunder at any time that AIRLINE is not in default in its payments or other obligations to AUTHORITY here under, by giving the Executive Manager sixty (60) days advance written notice if (a) AUTHORITY is in default of any material and substantive portion of this Agreement, or (b) any act occurs that deprives AIRLINE permanently of the rights, power, and privileges necessary for the proper conduct and operation of its Air Transportation business at the Airport.

Section 15.02. Events Permitting Termination of Agreement by AUTHORITY.

In addition to other events described in this Agreement permitting AUTHORITY to terminate this Agreement, this section identifies other material events permitting termination of this Agreement by AUTHORITY.

15.02.01. Right to Terminate. AUTHORITY, at its option, may declare this Agreement terminated on the happening of any one or more of the following events, and may exercise all rights of entry and re-entry on AIRLINE's Exclusive Use Space:

A. If the rents and fees, or other money payments that AIRLINE herein agrees to pay, or any part hereof, shall be unpaid on the date same becomes due, in accordance with Article 6.

B. If any act occurs that deprives AIRLINE permanently of the rights, power, and privileges necessary for the proper conduct and operation of its Air Transportation business.

C. If AIRLINE (a) ceases the conduct of scheduled air service at the Airport for a period of sixty (60) consecutive days in accordance with Section 6.01 or (b) fails to operate scheduled passenger service departures each week from the Airport, for a period of ninety (90) days or more (except by reason of strikes or causes beyond the control of AIRLINE).

D. If AIRLINE abandons and fails to use its Exclusive Use Space for a period of thirty (30) consecutive days, except when such abandonment and cessation are due to fire, earthquake, labor dispute, strike, governmental action, default of AUTHORITY, or other cause beyond AIRLINE's control.

E. If AIRLINE uses or permits the use of its Exclusive Use Space at any time for any purpose for which the use thereof at that time is not authorized by this Agreement, or by a subsequent written agreement between the parties, or permits the use thereof in violation of any law, rule, or regulation to which AIRLINE has agreed in this Agreement to conform.

F. If AIRLINE is in violation of any provision of this Agreement and has not begun remedy within thirty (30) days' notice thereof of such violation.

15.02.02. Notice. Termination by AUTHORITY shall not be effective unless and until at least thirty (30) days have elapsed after written notice to AIRLINE specifying the date upon which such termination shall take effect and the cause for which it is being terminated has not been cured or if AIRLINE commences to cure the cause of such termination within said thirty (30) day period, so long as AIRLINE continues diligently and in good faith to cure such cause.

Section 15.03. Possession by AUTHORITY.

In any of the aforesaid events, AUTHORITY may take possession of the leased premises upon thirty (30) days advance written notice and remove AIRLINE's effects, without being deemed guilty of trespassing or conversion. On said default, AUTHORITY shall have and reserve all of its available remedies at law as a result of said breach of this Agreement.

Failure of AUTHORITY to declare this Agreement terminated on default of AIRLINE for any of the reasons set forth herein shall not operate to bar, destroy, or waive the right of AUTHORITY to terminate this Agreement by reason of any subsequent violation of the terms hereof.

ARTICLE 16. NOTICES

Section 16.01. Delivery of Notice.

Notices required herein shall be in writing and served personally or sent by registered or certified mail, postage prepaid. Any such notice mailed pursuant to this paragraph shall be presumed to have been received by the addressee seventy-two (72) hours after deposit of same in the mail. Either party shall have the right, by giving written notice to the other, to change the address at which its notices are to be received. Until any such change is made, notices shall be addressed and delivered as follows:

A. AUTHORITY

Antonio B. Won Pat International Airport Authority, Guam
P.O. Box 8770
Tamuning, Guam 96931

B. AIRLINE

United Airlines, Inc.
233 South, Wacker Drive, 11th Floor
Chicago, IL 60606

If notice is given in any other manner or at any other place, it will also be given at the place and in the manner specified in this Section.

ARTICLE 17. MISCELLANEOUS

Section 17.01. Successors and Assigns Bound.

This Agreement shall be binding on and inure to the benefit of the successors and assigns of the parties hereto.

Section 17.02. Governing Law Choice of Forum.

This Agreement and all disputes arising hereunder shall be governed by the laws of the Territory of Guam. Any disputes relating to this Agreement must be resolved in accordance with the provisions of this Agreement in conjunction to laws of Guam, including, but not limited to, the Government Claims Act. In addition, the parties to this Agreement agree and consent to the exclusive jurisdiction of the courts of Guam for any lawsuits which may arise pursuant to this Agreement.

Section 17.03. Noninterference with Operation of the Airport.

AIRLINE, by accepting this Agreement, expressly agrees for itself, its successors, and assigns that it will not make use of the leased premises in any manner that might interfere with the landing and taking off of aircraft at the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, upon reasonable notice to AIRLINE and opportunity to cure, AUTHORITY reserves the right to enter upon the premises hereby leased and cause the abatement of such interference at the expense of AIRLINE. AUTHORITY shall maintain and keep in good condition and repair the Airport landing areas, including taxiways, and shall have the right to direct and control (consistent with the Federal Aviation Regulations) all activities of AIRLINE in this regard.

Section 17.04. Severability.

If one or more clauses, sections, or provisions of this Agreement shall be held to be unlawful, invalid, or unenforceable, it is agreed that the remainder of this Agreement shall not be affected thereby.

Section 17.05. Quiet Enjoyment.

AIRLINE shall, upon payment of the rents and fees herein required, and subject to performance and compliance by AIRLINE of the covenants, conditions, and agreements on the part of AIRLINE to be performed and complied with hereunder, peaceably have and enjoy the

rights, uses, and privileges of the Airport, its appurtenances, and facilities as granted hereby and by the Rules and Regulations.

Section 17.06. Taxes.

17.06.01. Payment. AIRLINE shall pay, but such payment shall not be considered part of Airport Revenue, all taxes (including any possessory interest tax), assessments, and charges of a like nature, if any, which at any time during the term of this Agreement may be levied against AIRLINE or become a lien by virtue of any levy, assessment, or charge against AIRLINE by the federal government, the Territory of Guam, AUTHORITY(acting in its governmental capacity), any municipal corporation (having jurisdiction over the Airport), any local government entity, any government successor in authority to the foregoing, or any other tax or assessment levying bodies, in whole or in part, upon or in respect to any of the space leased under this Agreement or such facilities of the Airport as are made available for use by AIRLINE hereunder, or upon or in respect to any personal property belonging to AIRLINE situated on the space leased under this Agreement. Payment of such taxes, assessments, and charges, when and if levied or assessed, shall be made by AIRLINE directly to the taxing or assessing authority charged with collection thereof.

17.06.02. Contest. AIRLINE may, at its own expense, contest the amount or validity of any tax or assessment, or the inclusion of the space leased under this Agreement as taxable or assessable property, directly against the taxing or assessing authority.

17.06.03. Termination. On any termination of this Agreement, all lawful taxes then levied or a lien upon any such property or taxable interest therein shall be paid in full by AIRLINE forthwith, or as soon as a statement thereof has been issued by the tax collector if termination occurs during the interval between attachment of the lien and issuance of a statement.

Section 17.07. Liens.

AIRLINE shall cause to be removed promptly any and all liens of any nature arising out of or because of any construction performed by AIRLINE or any of its contractors or subcontractors upon Exclusive or Joint Airline Use Space or arising out of or because of the performance of any work or labor by or for it or them at said premises, reserving the right to contest in court the validity of any such liens. AIRLINE shall have the right to post an appropriate bond to cover its obligations pursuant to this paragraph.

In the event any person or corporation shall attempt to assert a mechanic's lien against the leased premises for improvements made by AIRLINE, AIRLINE shall hold AUTHORITY harmless from such claim, including the cost of defense.

Nothing in this section shall prevent AIRLINE from contesting the validity of liens placed upon its Exclusive or Joint Airline Use Space. If AIRLINE contests a lien, it will do so in a prompt and expeditious manner.

Section 17.08. Obtaining Federal Funds.

AUTHORITY shall use its best efforts to obtain appropriate grants from federal agencies or other sources, when consistent with prudent management of the Airport.

Section 17.09. Nonliability of AUTHORITY's or AIRLINE's Officers, Agents, and Employees.

No elected official, commissioner, councilman, director, officer, agent, or employee of either party shall be charged personally or held contractually liable by or to the other party under any term or provision of this Agreement or because of any breach thereof or because of its or their execution or attempted execution thereof.

Section 17.10. Subordination to Agreements with the U.S. Government.

This Agreement is subject and subordinate to the provisions of any agreements heretofore or hereafter made between AUTHORITY and the United States, relative to the operation or maintenance of the Airport, or to the expenditure of federal funds for the improvement or development of the Airport, including the expenditure of federal funds for the development of the Airport in accordance with the provisions of the Federal Aviation Act of 1958, the Federal Aid to Airports Act, the Airport and Airway Development Act of 1970, and the Airport and Airway Improvement Act of 1982, as such acts have been amended from time to time. As of the effective date of this Agreement, the Executive Manager is not aware of any conflicts with the foregoing.

In the event that the FAA requires, as a condition precedent to the granting of funds for the improvement of the Airport, modifications or changes to this Agreement, AIRLINE agrees to consent to such amendments, modifications, revisions, supplements, or deletions of any of the terms, conditions, or requirements of this Agreement as may be required to enable AUTHORITY to obtain such grant of funds. These modifications or changes shall only be made after consultation with the Signatory Airlines and must be consistent with the tenets of sound airport management, and also must be consistent with prudent operator requirements under Section 17.33.

Section 17.11. Incorporation of Exhibits.

All exhibits referred to in this Agreement are intended to be and hereby are specifically made a part of this Agreement.

Section 17.12. Incorporation of Required Provisions.

AUTHORITY and AIRLINE incorporate herein by this reference all provisions lawfully required to be contained herein by any governmental body or agency.

Section 17.13. Price Level Adjustments.

The fixed dollar amounts contained in this Agreement may be adjusted each year pursuant to the Bond Indenture or otherwise in proportion to the changes in the Implicit Price Deflator index

published by the U.S. Department of Labor, Bureau of Labor Statistics, using as a base the latest published index available as of January 1, 2004.

Section 17.14. Entire Agreement.

This Agreement, together with all exhibits-attached hereto, constitutes the entire agreement between the parties hereto, and all other representations or statements heretofore made, verbal or written, are merged herein, and this Agreement may be amended only in writing, and executed by duly authorized representatives of the parties hereto.

Section 17.15. Nonwaiver of Rights.

No waiver of default by either party of any of the terms, covenants, and conditions hereof to be performed, kept, and observed by the other party shall be construed, or shall operate, as a waiver of any subsequent default of any of the terms, covenants, or conditions herein contained, to be performed, kept, and observed by the other party.

Section 17.16. Force Majeure.

Neither AUTHORITY nor AIRLINE shall be deemed in violation of this Agreement if it is prevented from performing any of the obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, shortages of energy or materials, acts of God, acts of a public enemy, acts of superior governmental authority, weather conditions, riots, rebellion, sabotage, or any other circumstances for which it is not responsible or that are not within its control, provided these provisions shall not excuse AIRLINE from paying the rents, charges, and fees specified in this Agreement.

Section 17.17. Headings.

The headings of the several articles and sections of this Agreement are inserted only as a matter of convenience and for reference and do not define or limit the scope or intent of any provisions of this Agreement and shall not be construed to affect in any manner the terms and provisions hereof or the interpretation or construction thereof.

Section 17.18. Nonexclusive Rights.

It is understood and agreed that nothing herein contained shall be construed to grant to AIRLINE any exclusive right or privilege within the meaning of Section 308 of the Federal Aviation Act for the conduct of any activity on the Airport, except that, subject to the terms and provisions hereof, AIRLINE shall have the right to exclusive possession of the Exclusive Use Space leased to AIRLINE under the provisions of this Agreement.

Section 17.19. Inspection of Books and Records.

Each party hereto, at its expense and on reasonable notice, shall have the right from time to time to inspect and copy the books, records, and other data of the other party relating to the

provisions and requirements hereof, provided such inspection is made during regular business hours.

17.19.01. Maintenance. AIRLINE shall maintain and keep current, to AUTHORITY's satisfaction, proper books and records (relating to AIRLINE's activities at the Airport) according to good accounting standards and principles. Further, AIRLINE shall maintain and keep current, to AUTHORITY's satisfaction, detailed information, materials, books, and records on its passengers and flights at the Airport, including but not limited to records on the number of passengers arriving and departing on each flight, the number of flights, loading bridge use, apron use, and details of each flight. AUTHORITY shall have the right to demand and AIRLINE shall provide any and all information, records, books, and materials to enable AUTHORITY to determine the correct rents, charges and fees due under this Agreement. AIRLINE shall provide copies of any and all information, records, books, and materials requested by AUTHORITY. All such information, materials, books, and records must and shall be in the form and substance to AUTHORITY's satisfaction and shall be kept by AIRLINE for a period of at least three (3) years. Such information, materials, books, and records shall be kept on the island of Guam, and shall be made available to AUTHORITY within three (3) business days for examination.

17.19.02. Audit. AUTHORITY may, at any time, cause an audit of the business of AIRLINE to be made by an accountant to be selected by AUTHORITY, and if such audit discloses that any statement, information, material, books, and records as provided by AIRLINE concerning the rents, fees, and charges due to AUTHORITY has resulted in an understatement of the rents, fees, and charges due to AUTHORITY by more than three percent (3%), then AIRLINE shall immediately pay the cost of any such audit (provided that such audit was performed by a private or nongovernment auditor or accountant) as well as the additional rent payable by AIRLINE to AUTHORITY, together with interest at the rate of two percent (2%) per month on the understated amount due from the date such rent, fees, or charges were actually or originally due to the date of payment; otherwise, the cost of such audit shall be paid by AUTHORITY.

Specifically, AUTHORITY may, at its own discretion, request that AIRLINE provide audited data on Enplaned Passengers and Deplaned Passengers for a specific time period, in order to confirm such passenger data supporting the AIRLINE payments made in Sections 6.04, 6.05 and 6.06.

17.19.03. No Waiver. AUTHORITY's acceptance of any monies paid pursuant to a completed statement or report furnished by AIRLINE shall not be an admission of the accuracy of said statement and AUTHORITY shall be entitled at any time after the receipt of any such rent, fees, and charges to require proof of the accuracy of such statement to the satisfaction of AUTHORITY.

For the purpose of enabling AUTHORITY to check the accuracy of such statement, AIRLINE shall, after submission to AUTHORITY of such statements, keep safe and intact all of AIRLINE's records, information, materials, books, accounts, tax returns, and other data which, as determined by AUTHORITY, may in any way bear upon or are required to establish in detail AIRLINE's rents, fees, and charges due, and AIRLINE shall, within three (3) days after request of

AUTHORITY or its agents deliver the same to AUTHORITY or its agents, for examination by AUTHORITY.

Section 17.20. Generally Accepted Accounting Principles.

Whenever any report or disclosure referred to in this Agreement consists, either in whole or in part, of financial information, such report or disclosure shall be prepared in accordance with generally accepted accounting principles, except as specifically provided to the contrary in this Agreement.

Section 17.21. General Interpretation.

Insofar as this Agreement grants, permits, or contemplates the use of space or facilities or the doing of any other act or thing at the Airport by AIRLINE, such use or the doing of such act or thing is to be in connection with the operation of AIRLINE's Air Transportation business for the carriage by aircraft of persons, baggage, property, cargo, and mail on scheduled or nonscheduled flights, whether as a common carrier, a contract carrier, a private carrier, or otherwise. Each of the parties, however, has entered into this Agreement solely for its own benefit; and (without limiting the right of either party to maintain suits, actions, or other proceedings because of breaches of this Agreement) the Agreement does not grant to any third person (excepting a successor party to AUTHORITY or AIRLINE) a right to claim damages or bring any suit, action, or other proceeding against either AUTHORITY or AIRLINE because of any breach hereof. Nothing in this Agreement shall restrict AUTHORITY's authority to enact ordinances affecting the Airport.

Section 17.22. Holding Over.

If AIRLINE remains in possession of the leased premises after the expiration of this Agreement without any written renewal thereof, such holding over shall not be deemed as a renewal or extension of this Agreement, but shall create only a tenancy from month to month that may be terminated on thirty (30) days advance written notice by AUTHORITY. Such holding over shall otherwise be upon the same terms and conditions as set forth in this Agreement.

Section 17.23. Consent Not to be Unreasonably Withheld.

Whenever consent or approval is required herein by either AUTHORITY or AIRLINE, such consent or approval shall not be unreasonably withheld.

Section 17.24. Authority of Executive Manager.

All rights and obligations of AUTHORITY under this Agreement may be exercised by the Executive Manager or the Executive Manager's designee, unless specifically provided otherwise or required by law.

Section 17.25. Invalid Provision.

If any covenant, condition, or provision herein contained is held to be invalid by any court of competent jurisdiction, the invalidity of any such covenant, condition, or provision shall in no way affect any other covenant, condition, or provision herein contained, provided that the invalidity of any such covenant, condition, or provision does not materially prejudice either party hereto in its respective rights and obligations contained in the valid covenants, conditions, or provisions in this Agreement.

Section 17.26. Amendments.

This Agreement may be amended in whole or in part without further consideration upon mutual written consent of AUTHORITY and AIRLINE.

Section 17.27. Payment of Utility Charges.

AIRLINE shall pay promptly for all utilities and utility services used by AIRLINE at or in AIRLINE's Exclusive Use Space in excess of those utility services specifically provided by AUTHORITY.

Section 17.28. Vending Machines.

AIRLINE shall ensure that no amusement, vending (excluding self ticketing machines and vending machines for AIRLINE's employees), public pay phones, or other machines operated by coins, tokens, or credit cards are installed or maintained in or at AIRLINE's Exclusive Use Space except with the prior written permission of the Executive Manager.

Section 17.29. Public Address System.

AIRLINE agrees that the use of AUTHORITY's public address system will be in accordance with AUTHORITY's written public address system policy. AIRLINE shall not install, cause to be installed, or use any other public address system at the Terminal Building without the prior written approval of the Executive Manager.

Section 17.30. Employees of AIRLINE.

AIRLINE shall require all of its employees, subcontractors, or independent contractors hired by AIRLINE working in view of the public and about the Terminal Building to wear clean and neat attire including appropriate footwear and to display appropriate identification.

Section 17.31. Removal of Disabled Aircraft.

AIRLINE shall promptly remove any of its disabled aircraft from any part of the Airport (including, without limitation, runways, taxiways, aprons, and gate positions) and place any such disabled aircraft in such storage areas as may be designated by the Executive Manager. AIRLINE may store such disabled aircraft only for such length of time and on such terms and conditions as may be established by AUTHORITY. If AIRLINE fails to remove any of its disabled aircraft

promptly, the Executive Manager may, but shall not be obligated to, cause the removal of such disabled aircraft, provided, however, the obligation to remove or store such disabled aircraft shall not be inconsistent with federal laws and regulations and AIRLINE agrees to reimburse AUTHORITY for all costs of such removal, and AIRLINE further hereby releases AUTHORITY from any and all claims for damage to the disabled aircraft or otherwise arising from or in any way connected with such removal by AUTHORITY unless caused by the negligence or recklessness of AUTHORITY.

Section 17.32. Licenses, Fees, and Permits.

AIRLINE shall obtain and pay for all licenses, fees, permits, or other authorization or charges as required under federal, territorial, or local laws and regulations insofar as they are necessary to comply with the requirements of this Agreement and the privileges extended hereunder.

Section 17.33. Prudent Operator.

AUTHORITY agrees to operate the Airport in a prudent manner and to maximize non-airline revenue consistent with its obligations as a public airport sponsor.

Section 17.34. Airport Access License/Permit.

AUTHORITY reserves the right to establish a licensing or permit procedure for vehicles requiring access to the Airport operational areas and to levy directly against AIRLINE or its suppliers a reasonable regulatory or administrative charge (to recover the cost of any such program) for issuance of such Airport access license or permit.

Section 17.35. Energy Conservation.

AIRLINE shall comply with AUTHORITY Rules and Regulations pertaining to energy conservation and management to the extent that such Rules and Regulations do not infringe on the rights and privileges granted herein.

Section 17.36. Compliance with Part 77, Title 14, CFR.

AIRLINE agrees to comply with the notification and review requirements covered in Part 77, Title 14, Code of Federal Regulations, FAA Regulations, in the event future construction of a building is planned for the leased premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the leased premises.

Section 17.37. Reservations re: Airspace and Noise.

There is hereby reserved to AUTHORITY, its successors, and assigns for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the leased premises.

Section 17.38. Attorneys' Fees.

In any litigation involving AUTHORITY on one hand and AIRLINE on the other, the party prevailing in such litigation shall be entitled to recover the cost of such litigation including reasonable attorneys' fees and court costs from the party not prevailing.

Section 17.39. Apron Area Aircraft Servicing.

AIRLINE may perform, while its aircraft are parked upon the Apron Area, customary fueling and servicing of aircraft preparatory to the loading and takeoff or immediately following landing and unloading. AIRLINE shall not do or perform any major repair or maintenance work upon its aircraft while parked upon the Apron Area or at the Loading Bridge Position nor shall there be any storage of aircraft upon the Apron Area in a manner to restrict the loading and unloading of passengers. As used herein, "major" is defined to be work that normally requires more than one hour to complete.

Section 17.40. National Emergency.

This Agreement and all the provisions hereof shall be subject to whatever right the U.S. Government now has, or in the future may have or acquire, affecting the control, operation, regulation, and taking over of said Airport or the exclusive or nonexclusive use of the Airport by the United States during the time of war or national emergency.

Section 17.41. Time is of the Essence.

Time is of the essence in this Agreement.

Section 17.42. Informal Dispute Resolution.

In the event of any dispute between AUTHORITY and AIRLINE, either party shall make best effort to resolve the dispute initially through informal channels. Specifically, the agencies that either party should call upon to aid dispute resolution shall be in the order of (1) Executive Manager and (2) Airport Board. In the event these informal channels do not resolve the dispute, AIRLINE or AUTHORITY may avail itself of all legally available remedies.

Section 17.43. Authority to Enter Into Contract.

AIRLINE warrants and represents that it has the right, power, and legal capacity to enter into, and perform its obligations under this Agreement, and no approvals or consents of any persons are necessary in connection with it. The execution, delivery, and performance of this Agreement by AIRLINE have been duly authorized by all necessary corporate action of AIRLINE, and this Agreement will constitute a legal, valid, and binding obligation of AIRLINE, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting creditors, rights generally, and general principles of equity.

Section 17.44. Counterparts; Facsimile or .PDF Signatures; Electronic Signatures.

This Agreement may be executed in one or more counterparts, each of which is deemed an original, but all of which together shall constitute one and the same agreement. A facsimile, .PDF or other reproduction of this Agreement may be executed by one or more parties, and an executed copy of this Agreement and electronic signatures may be delivered by one or more parties by facsimile, email, or similar instantaneous electronic transmission device under which the signature of or on behalf of such party can be seen, and such execution and delivery is to be considered valid, binding and effective for all purposes. At the request of any party, the parties agree to execute an original of this Agreement as well as any facsimile, .PDF or other reproduction hereof.

[Signature Page Follows]

DRAFT

**ANTONIO B. WON PAT
INTERNATIONAL AIRPORT
AUTHORITY, GUAM**

UNITED AIRLINES, INC.

By: _____

JOHN M. QUINATA
Executive Manager

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

**CONCURRED:
ANTONIO B. WON PAT
INTERNATIONAL AIRPORT
AUTHORITY, GUAM
BOARD OF DIRECTORS**

**Attest:
UNITED AIRLINES, INC.**

By: _____

BRIAN J. BAMBA
Chairman

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

APPROVED AS TO FORM:

ARRIOLA LAW FIRM

By: _____


for **ANITA ARRIOLA**
GIAA Legal Counsel

Date: October 10, 2024

Exhibit A

Airport Layout Plan

See attached.

DRAFT

EXHIBIT A

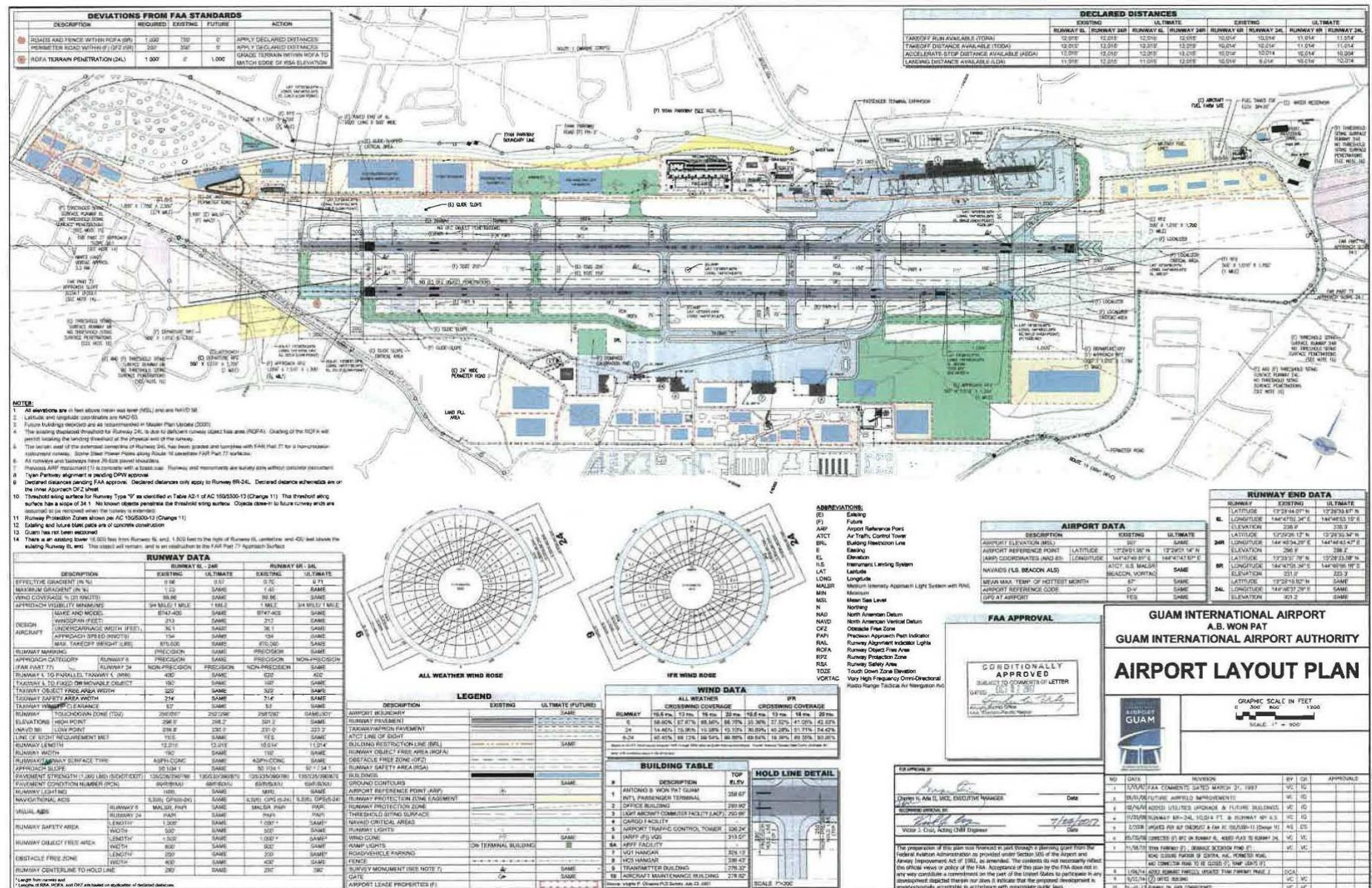


Exhibit B

Terminal Layout Plan

See Attached.

DRAFT

EXHIBIT B

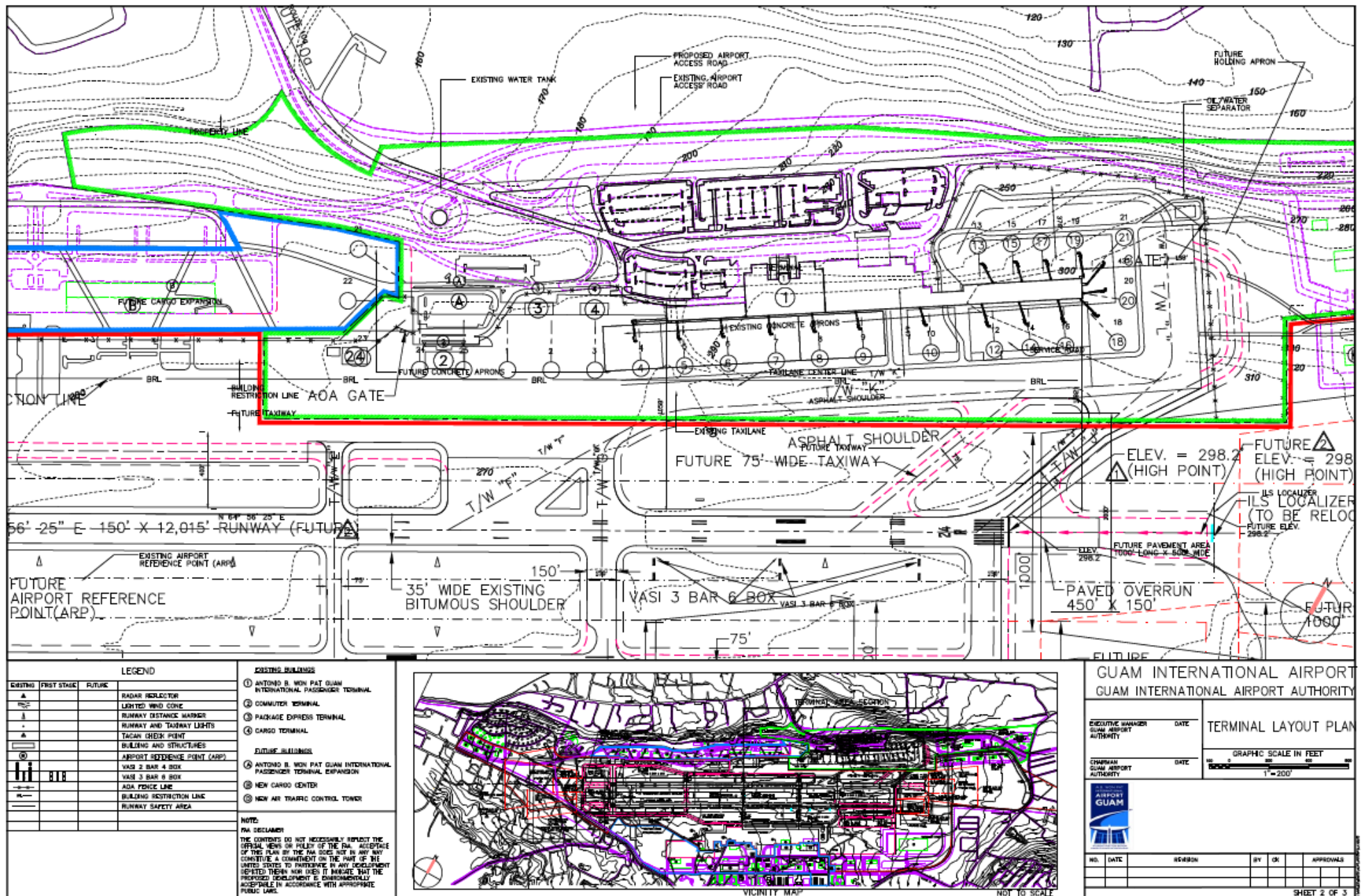
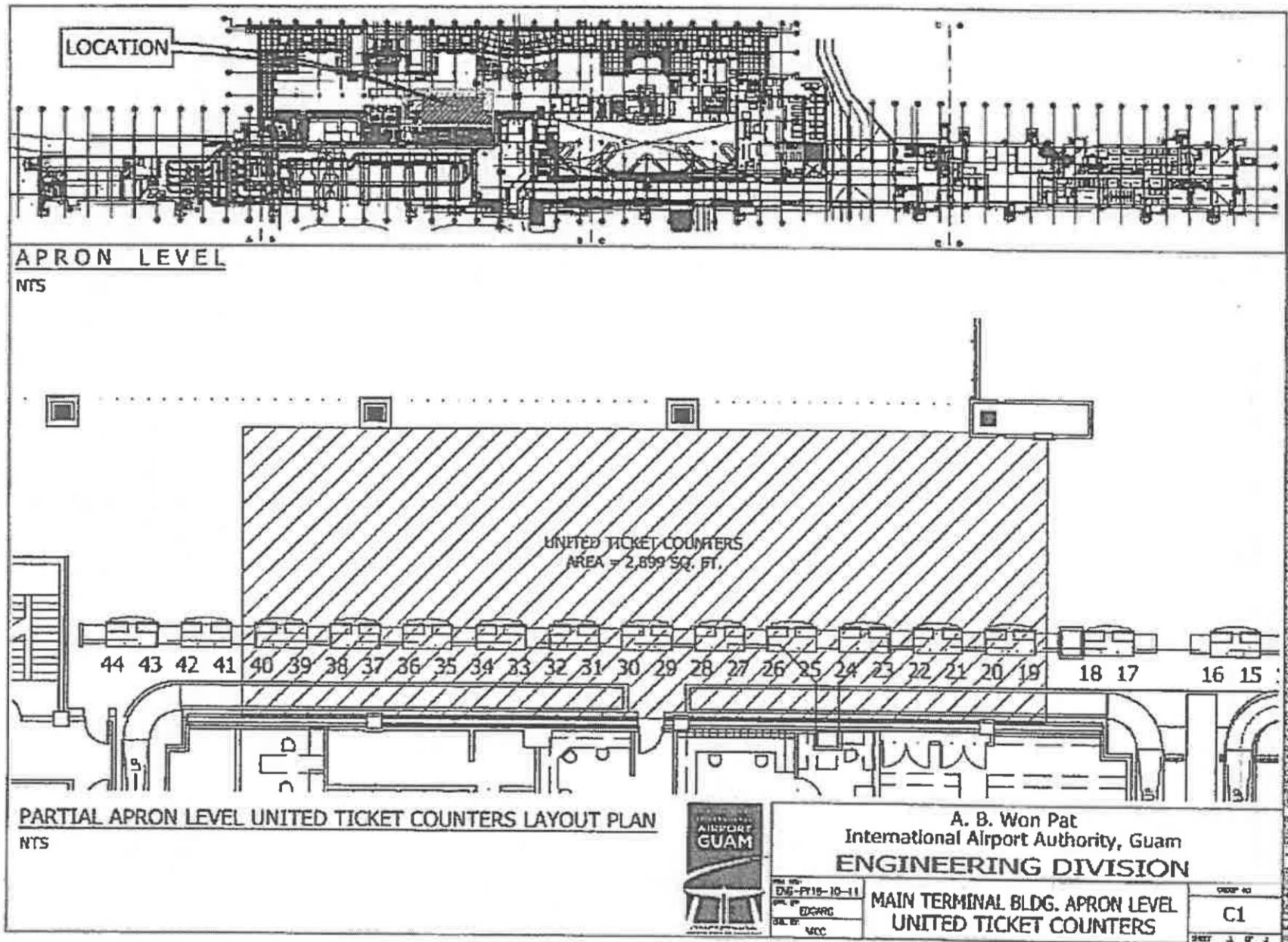
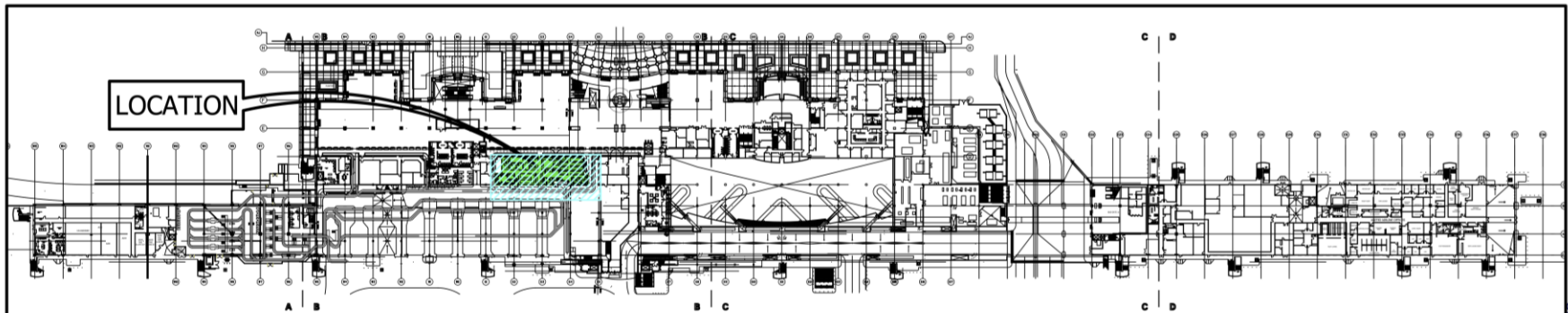


Exhibit C

Terminal Building Leased Space

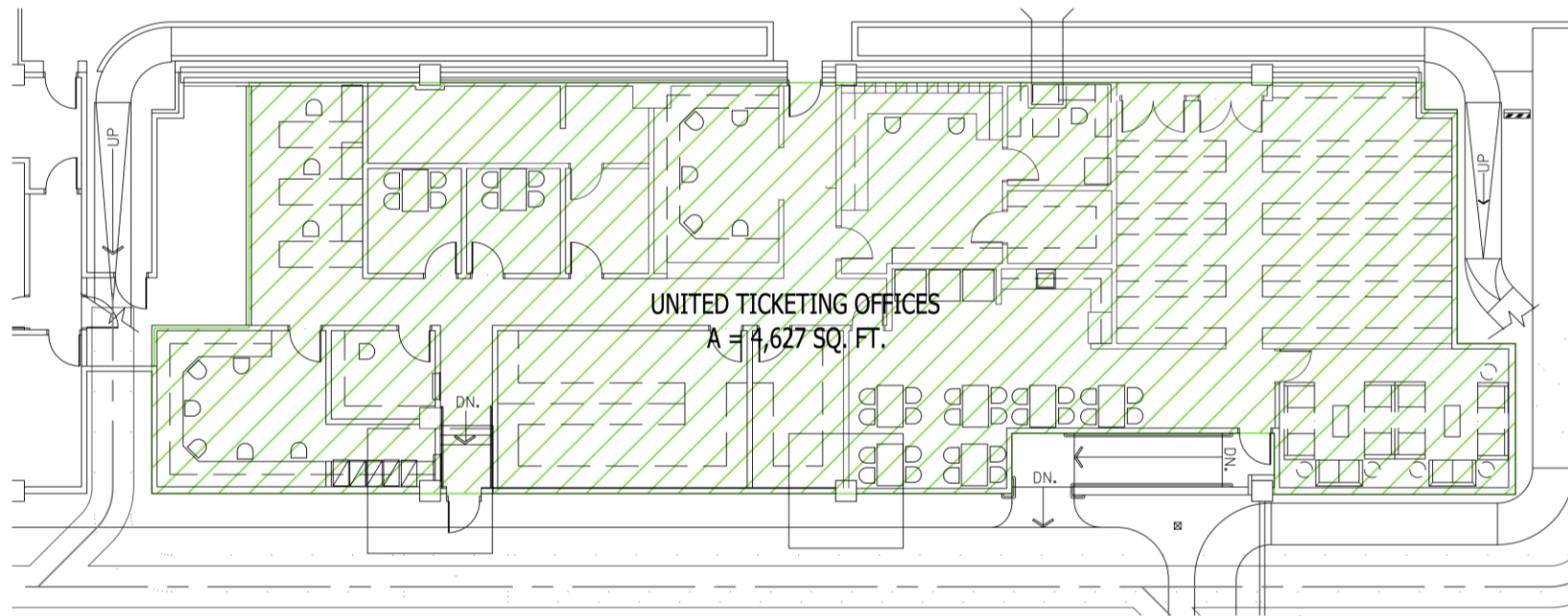
	<u>Square Feet</u>	<u>Exhibit</u> (See Attached)
<u>Exclusive Use Space</u>		
Ticket Counter	2,899	C1
Ticket Office	4,627	C2
Office Space	675	C3
Operations	23,005	C4
Baggage Office	1,139	C5
Clubrooms	5,631	C6
Unenclosed Ramp Operations	3,975	C7
Storage space	1,120	C8
<u>Joint Airline Use Space</u>		
Departure Facilities		
Departure Lounge (holdrooms)	59,025	C-9
Baggage Make-up	58,390	C-10C
ATO Corridor	1,382	C-11
Security	16,934	C-12
Other		
Arrivals Facility		
Customs	27,865	C-16
Baggage Handling	26,019	C-17
Baggage Claim	72,960	C-18
International Arrivals Corridor	33,474	C-20
PODS (#2, 4, 5, 7 & 8)	26,687	C-21
Immigration Inspection Facilities		
Immigration Hall	39,788	C-19





APRON LEVEL

NTS



PARTIAL EAST APRON LEVEL UNITED OPS OFFICES

NTS



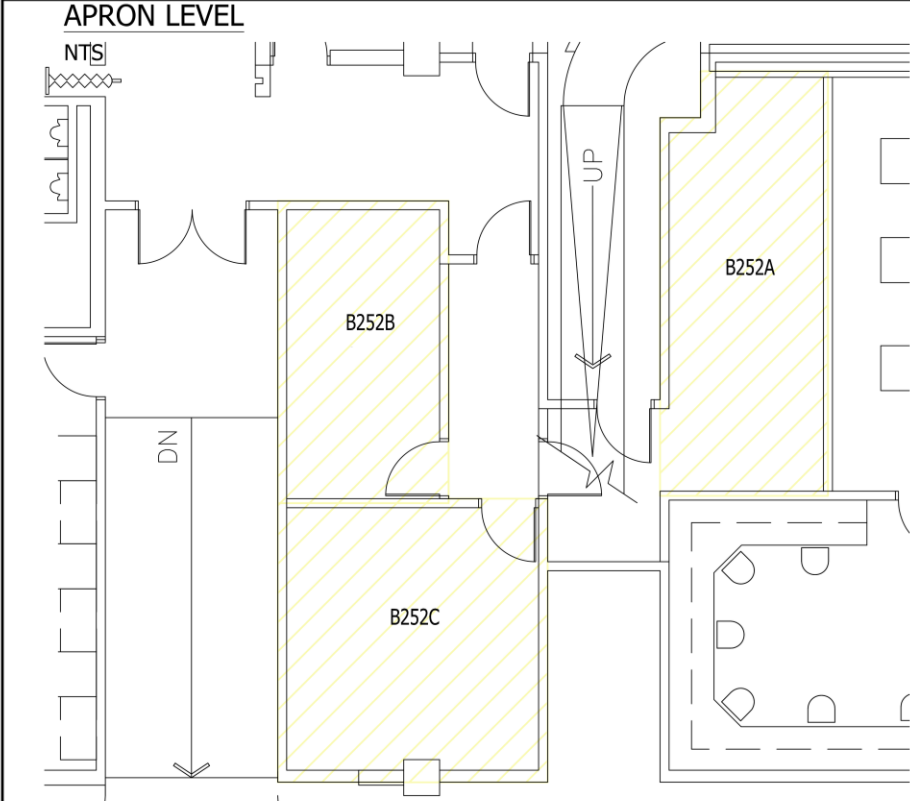
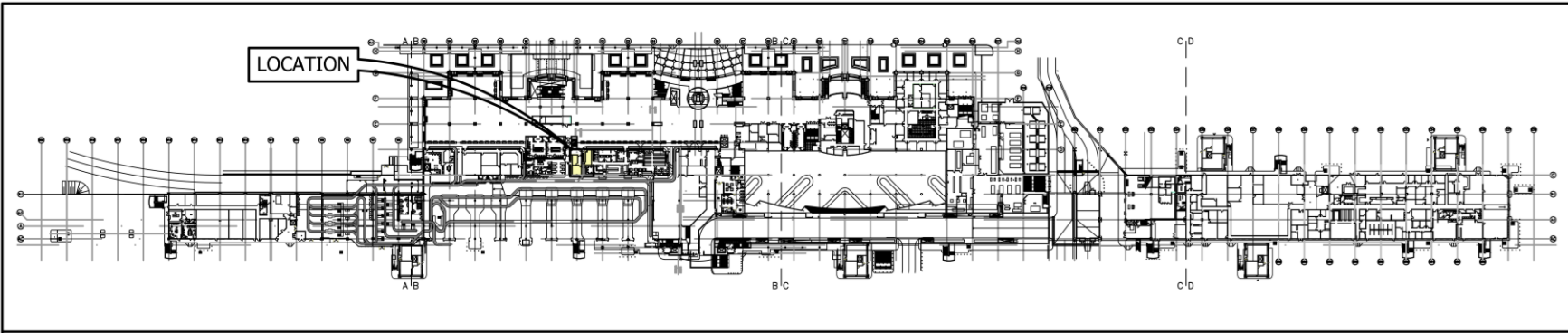
A. B. Won Pat
International Airport Authority, Guam
ENGINEERING DIVISION

PRJ. NO.:
ENG-FY18-10-11
DRN. BY:
EDGARG
CHK. BY:
VICC

**MAIN TERMINAL BLDG. APRON LEVEL
UNITED TICKETING OFFICES**

GROUP NO.
C2
SHEET 2 OF 2

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LEGEND:

TOTAL AREA = 675 SQ. FT.

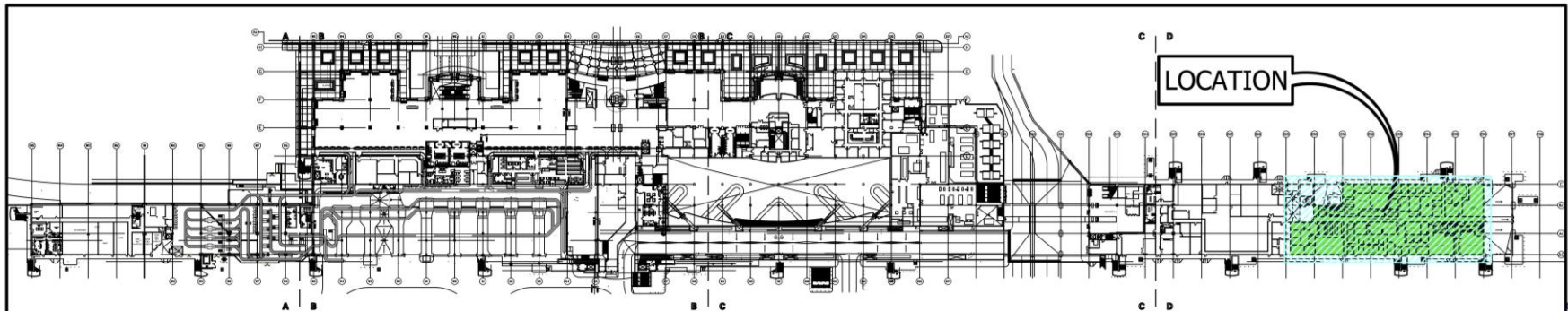
PARTIAL EAST APRON LEVEL (ROOM B252A, B252B & B252C)

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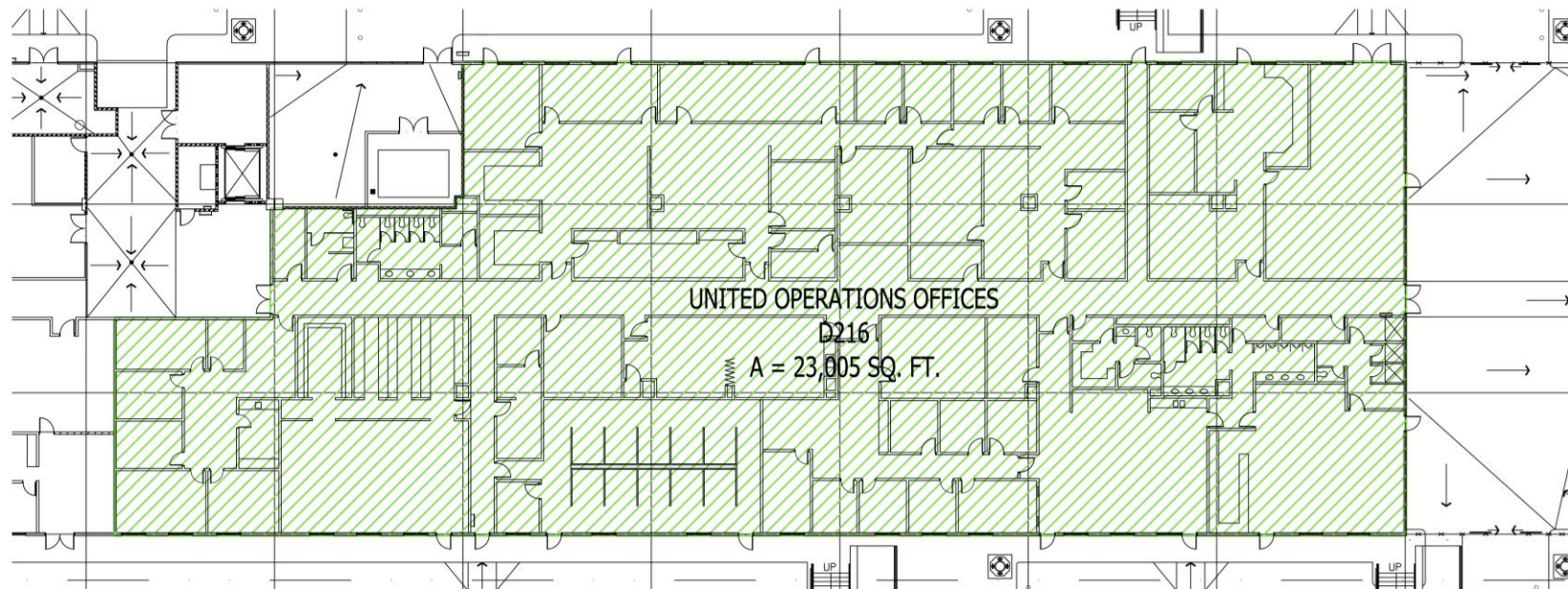
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APRON LEVEL

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PARTIAL EAST APRON LEVEL UNITED OPS OFFICES

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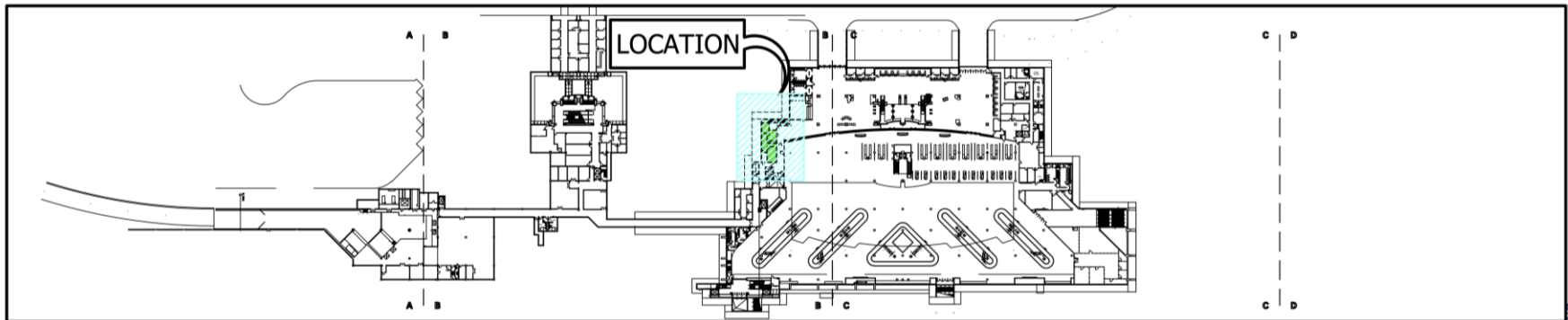
A. B. Won Pat
International Airport Authority, Guam
ENGINEERING DIVISION

PRJ. NO.:
ENG-FY18-10-11
DRN. BY:
EDGARG
CHK. BY:
VICC

MAIN TERMINAL BLDG. APRON LEVEL
UNITED OPS OFFICES

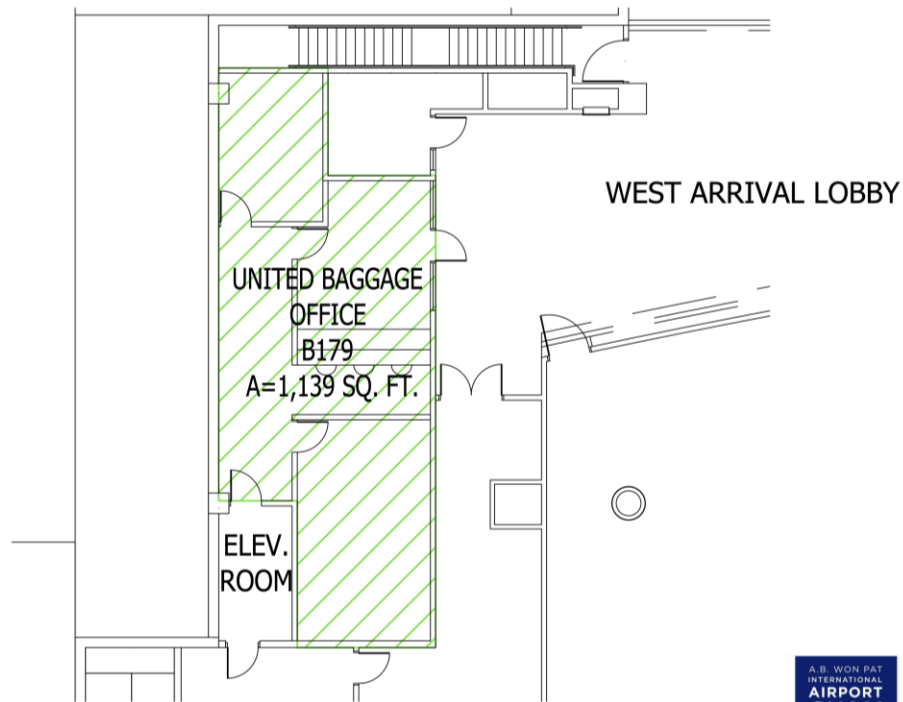
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BASEMENT LEVEL

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PARTIAL WEST ARRIVAL BASEMENT LEVEL

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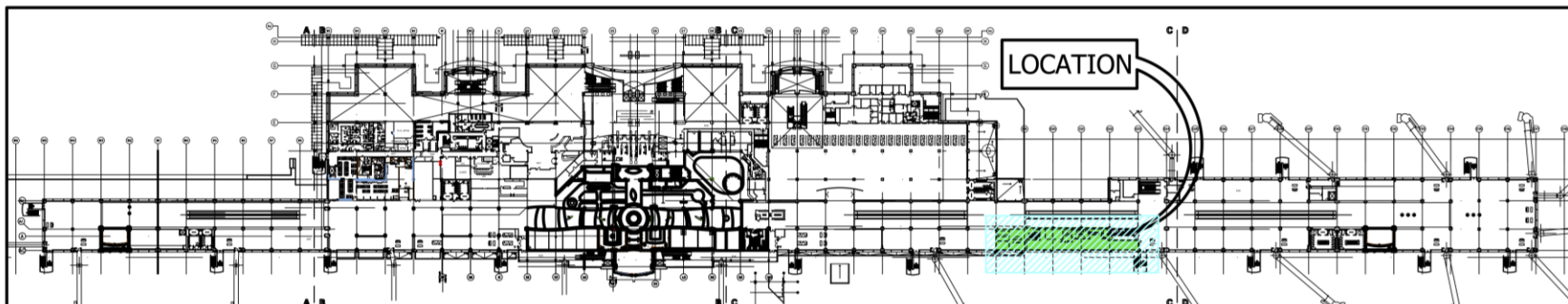
A. B. Won Pat
International Airport Authority, Guam
ENGINEERING DIVISION

PRJ. NO.:
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EDGARG
CHK. BY:
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**BASEMENT LEVEL FLOOR PLAN
UNITED BAGGAGE OFFICE**

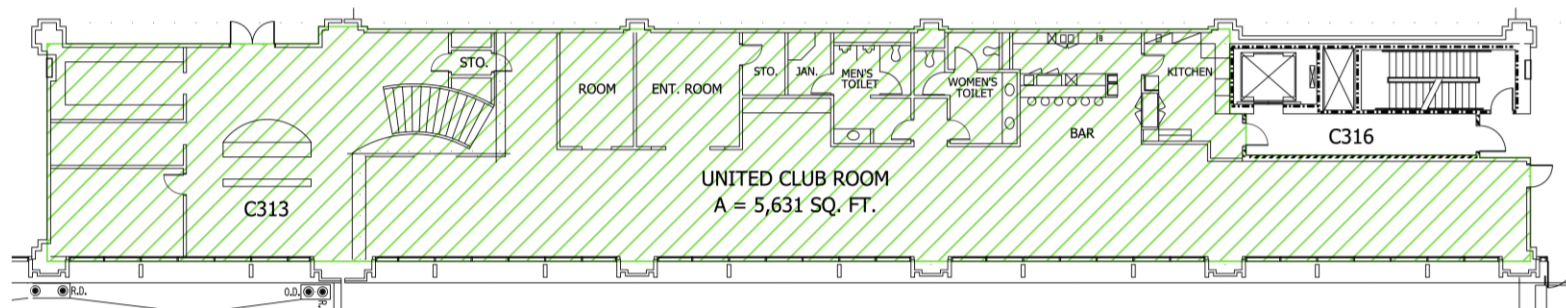
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CONCOURSE LEVEL

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PARTIAL EAST CONCOURSE LEVEL ROOM C313 & C316

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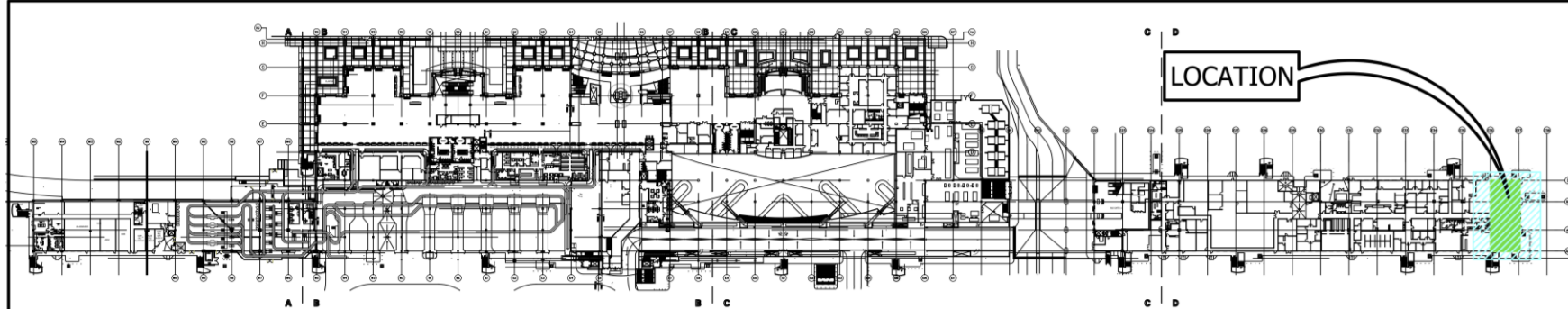
A. B. Won Pat International Airport Authority, Guam ENGINEERING DIVISION

PRJ. NO.:
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DRN. BY:
EDGARG
CHK. BY:
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CONCOURSE LEVEL FLOOR PLAN UNITED CLUB ROOM

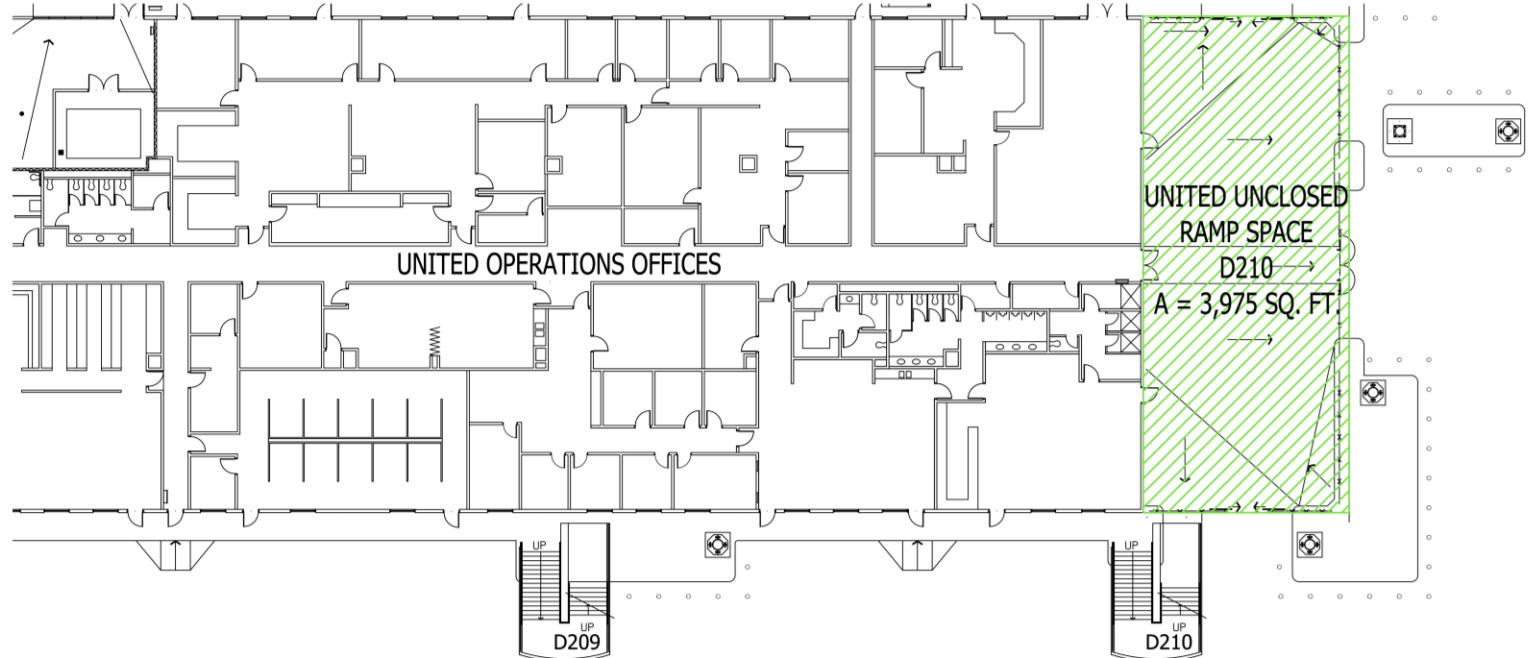
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SHEET 8 OF 2

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APRON LEVEL

NTS



PARTIAL EAST APRON LEVEL UNITED UNCLOSURED RAMP SPACE

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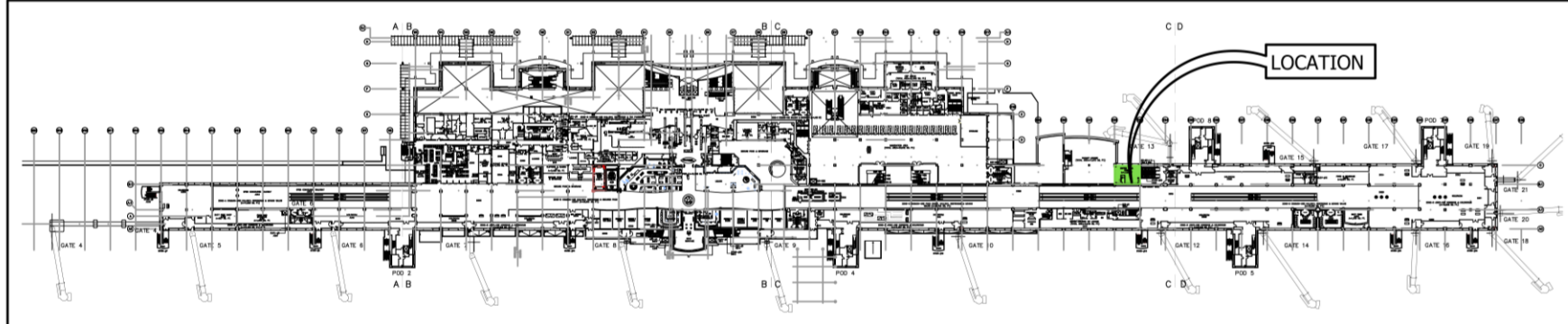
A. B. Won Pat
International Airport Authority, Guam
ENGINEERING DIVISION

PRJ. NO.:
ENG-FY18-10-11
DRN. BY:
EDCARG
CHK. BY:
VICC

MAIN TERMINAL BLDG. APRON LEVEL
UNITED UNCLOSURED RAMP SPACE

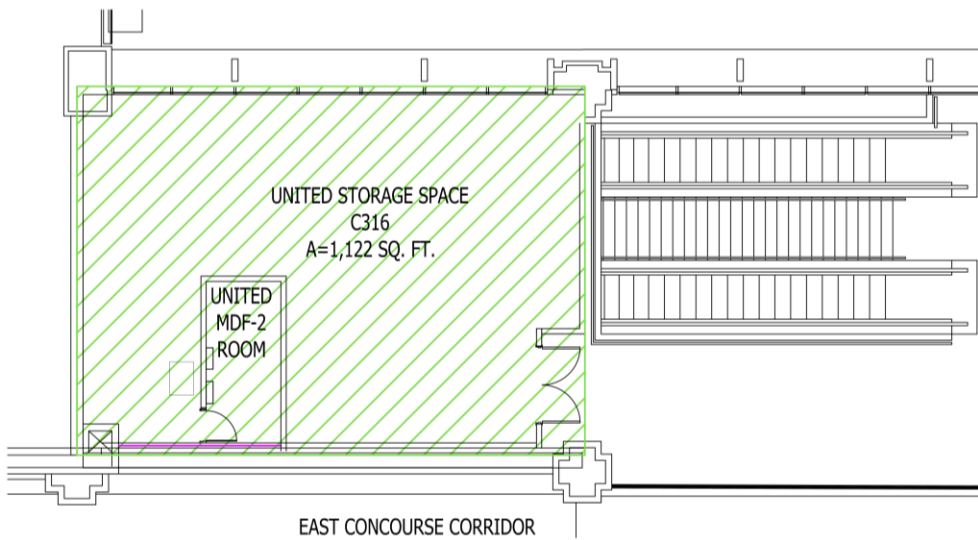
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CONCOURSE LEVEL

NTS



UNITED STORAGE SPACE (ROOM C316)

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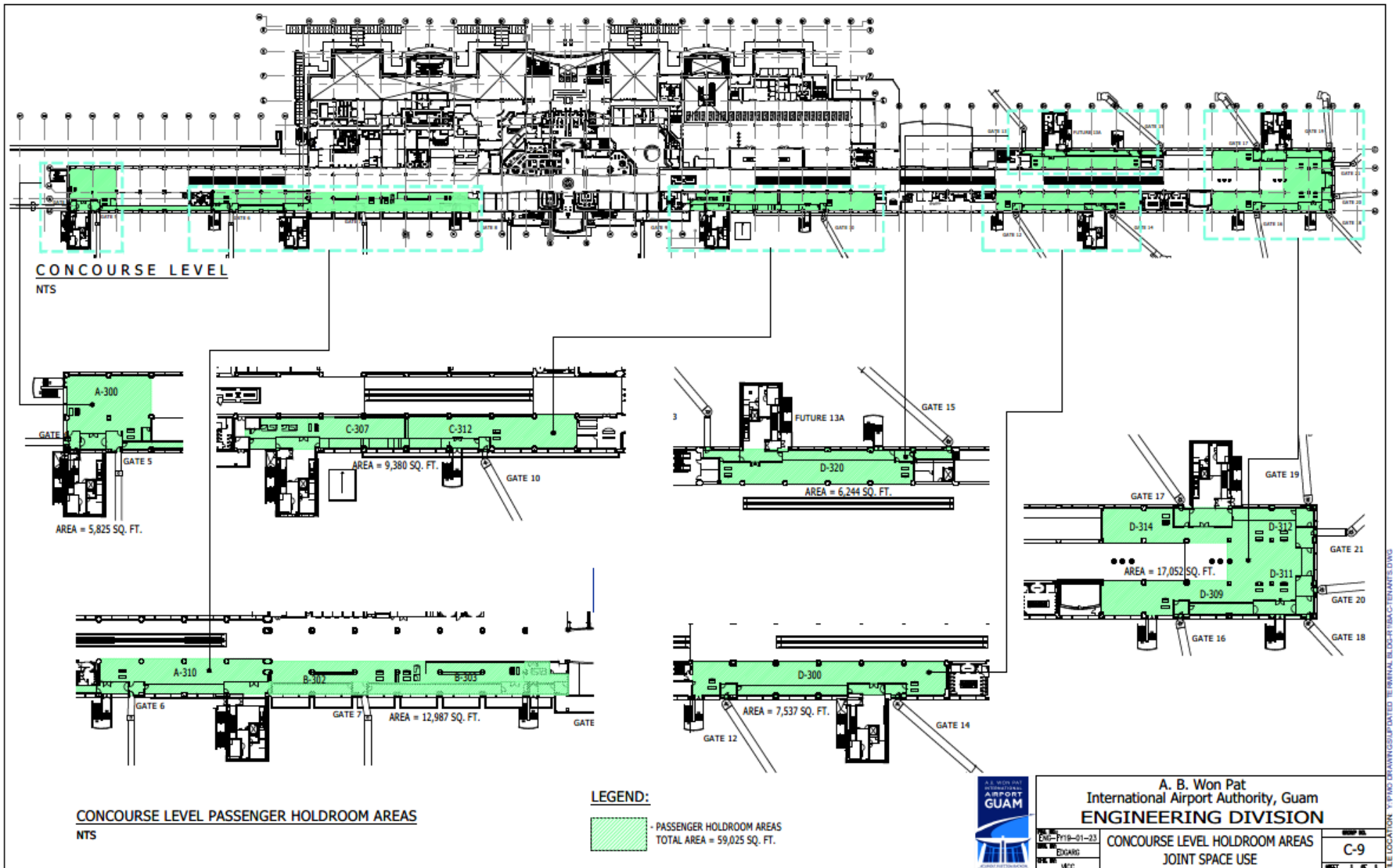
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 EDGARG
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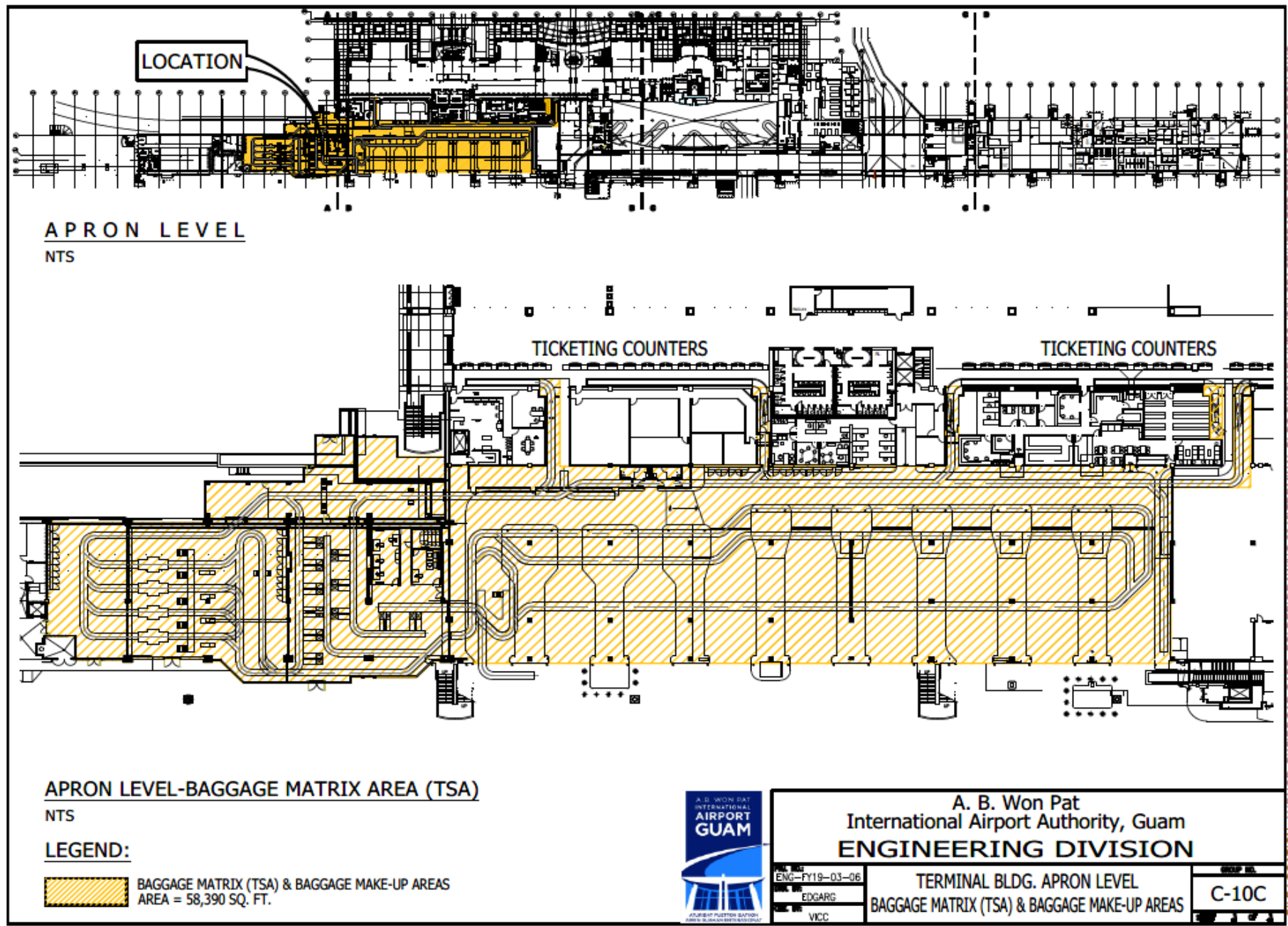
A. B. Won Pat International Airport Authority, Guam ENGINEERING DIVISION

UTERMINAL BLDG. CONCOURSE LEVEL
 UNITED STORAGE SPACE

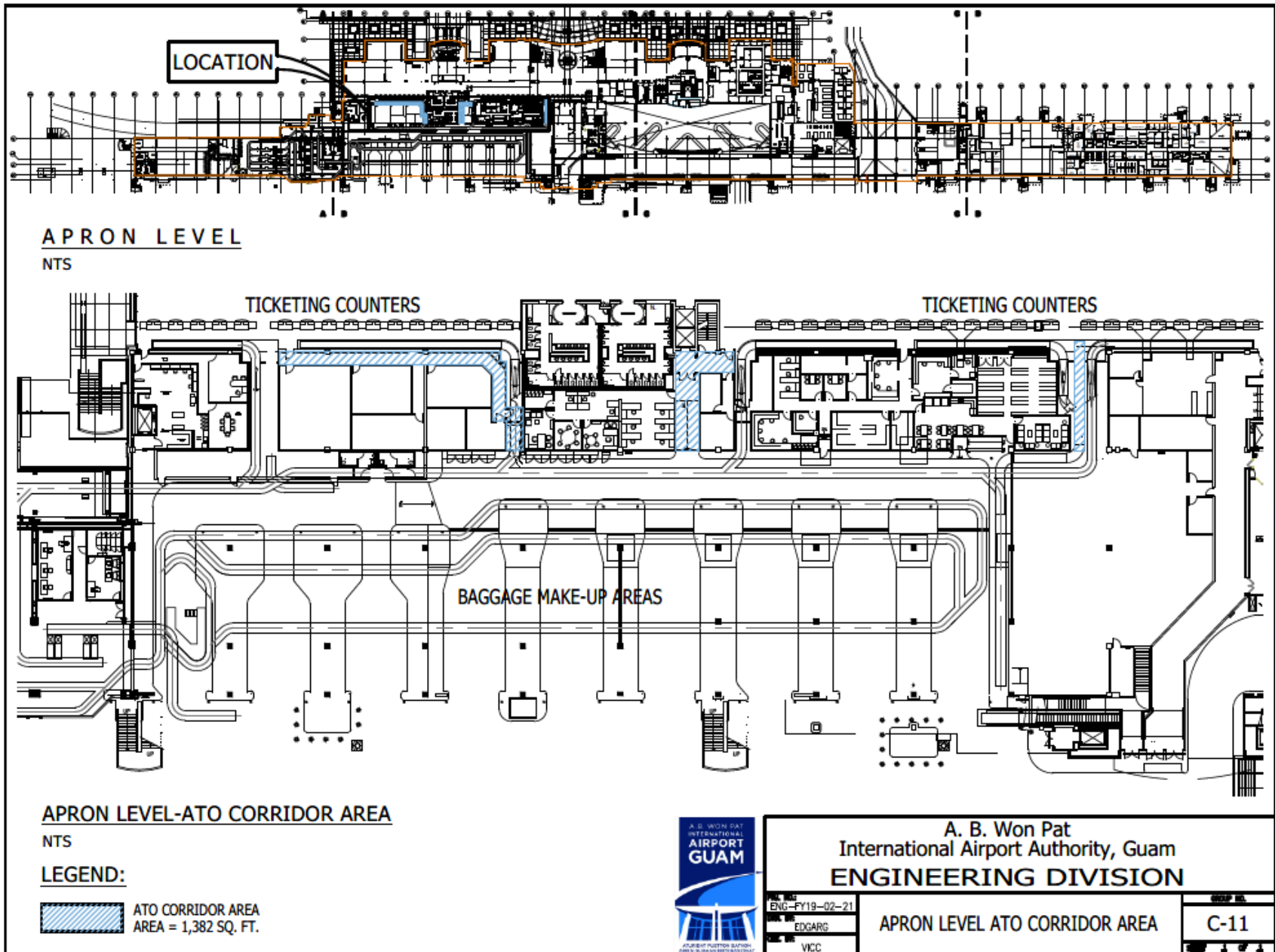
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C-8
SHEET 1 OF 1

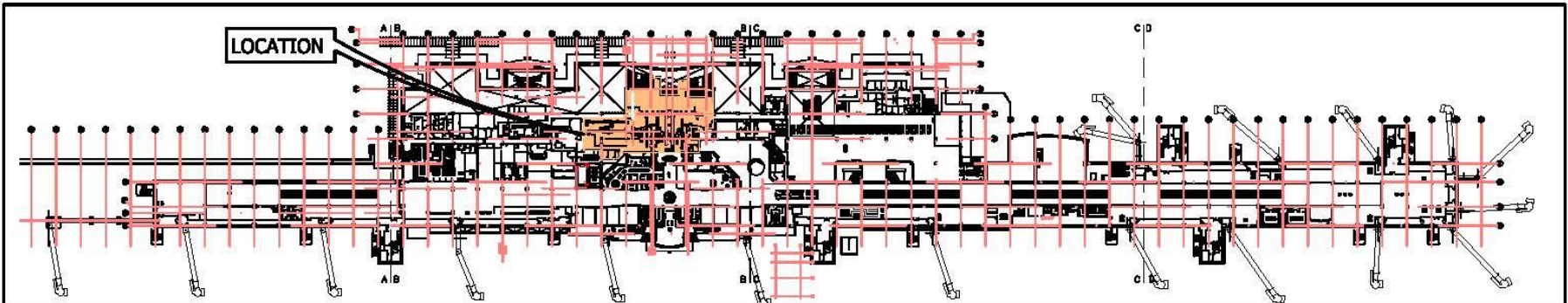
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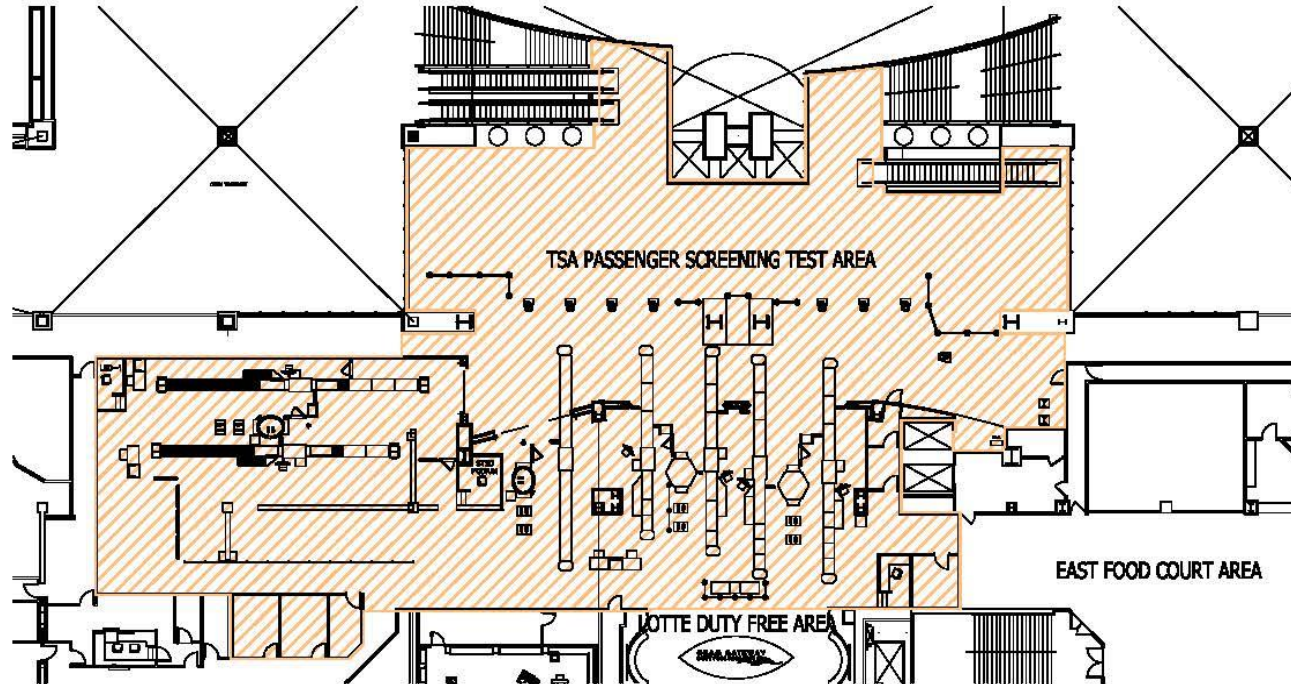
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CONCOURSE LEVEL

NTS



LEGEND:

 AREA=16,934 SQ. FT.

PARTIAL EAST CONCOURSE LEVEL (TSA PASSENGER SCREENING TEST AREA)

NTS



A. B. Won Pat
International Airport Authority, Guam
ENGINEERING DIVISION

PLN NO:
ENG-FY24-07-08
DRN BY:
EDGARG
CHK BY:
AUDIEA

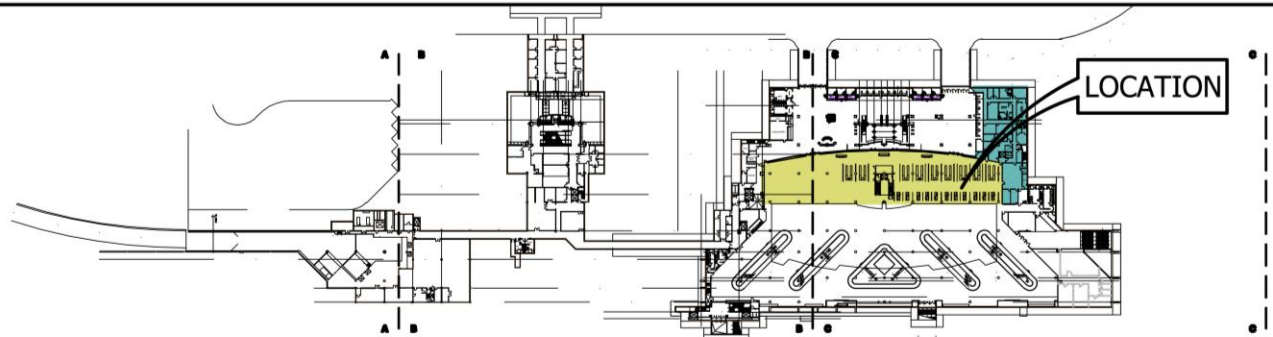
**EAST CONCOURSE LEVEL
TSA PASSENGER SCREENING TEST AREA**

GROUP NO.

C-12

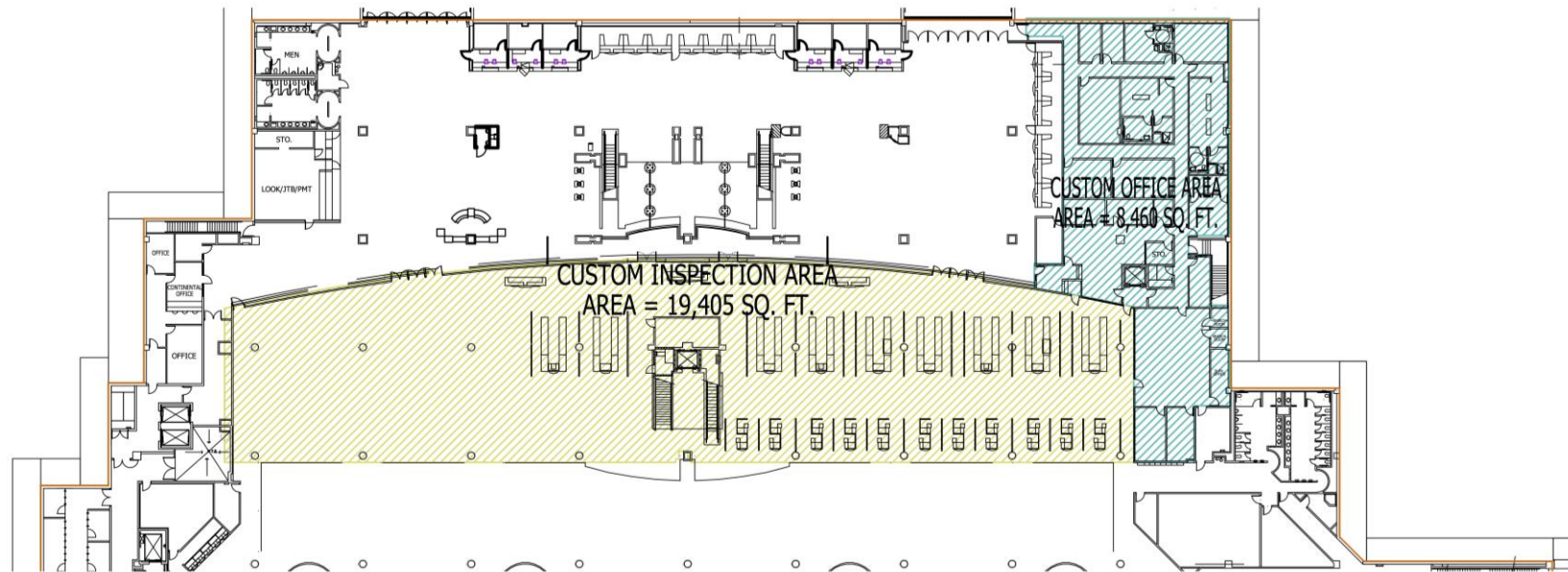
SHEET 1 OF 1

FILE LOCATION: \\VANGUENGH_BKP\EDGAR-CADD_FOLDERS\DRAWING_2024\PROJ\UPDATED GMAA TERM-BLDG_TENANTS.DWG



BASEMENT LEVEL

NTS



PARTIAL EAST BASEMENT LEVEL CUSTOM INSPECTION AND OFFICE AREA

NTS

LEGEND:

- CUSTOM INSPECTION AREA
AREA = 19,405 SQ. FT.
- CUSTOM OFFICE AREA
AREA = 8,460 SQ. FT.



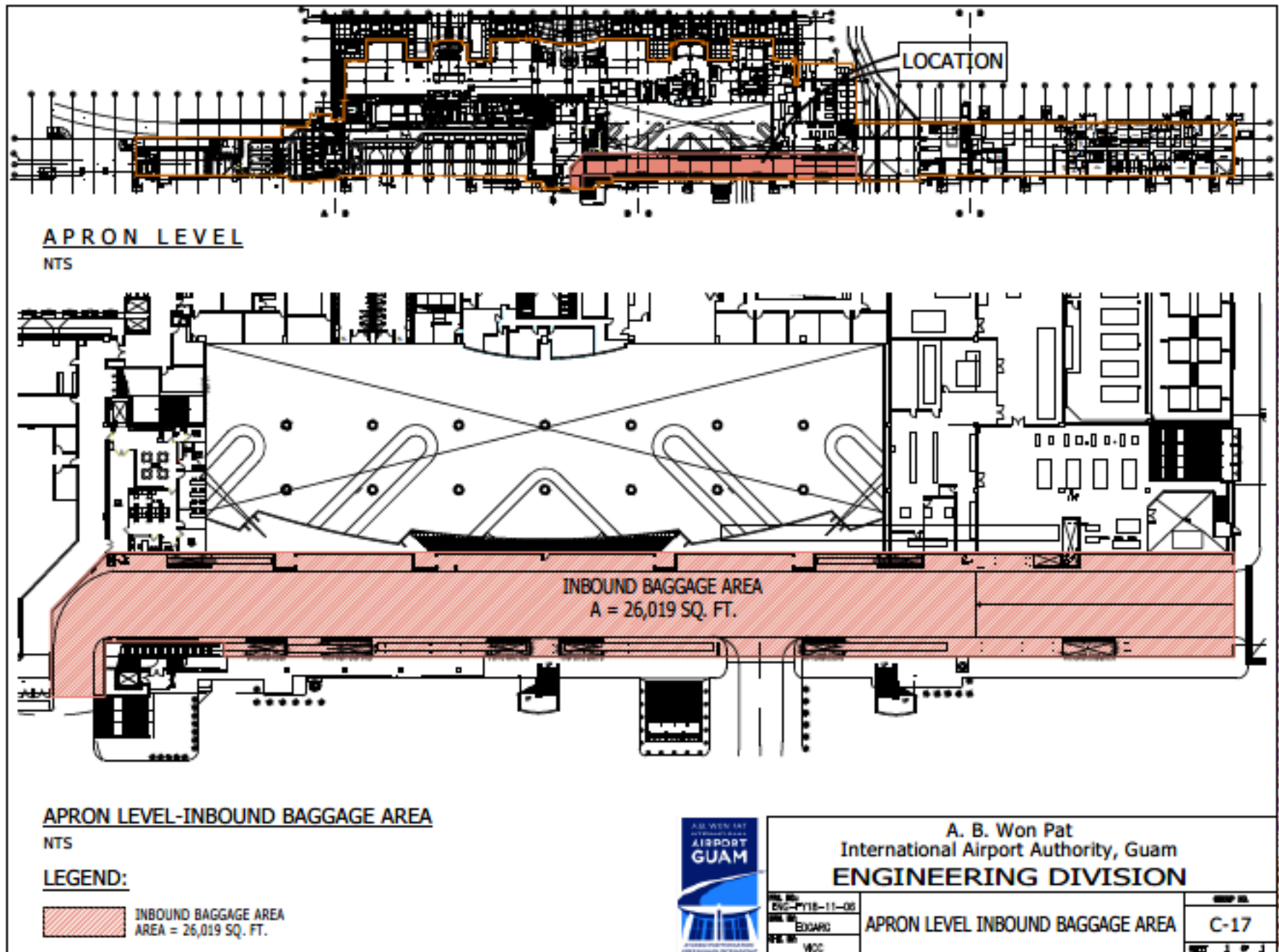
A. B. Won Pat
International Airport Authority, Guam
ENGINEERING DIVISION

PRJ. NO.:
ENG-FY19-02-11
DRW. BY:
EDGARG
CHK. BY:
VICC

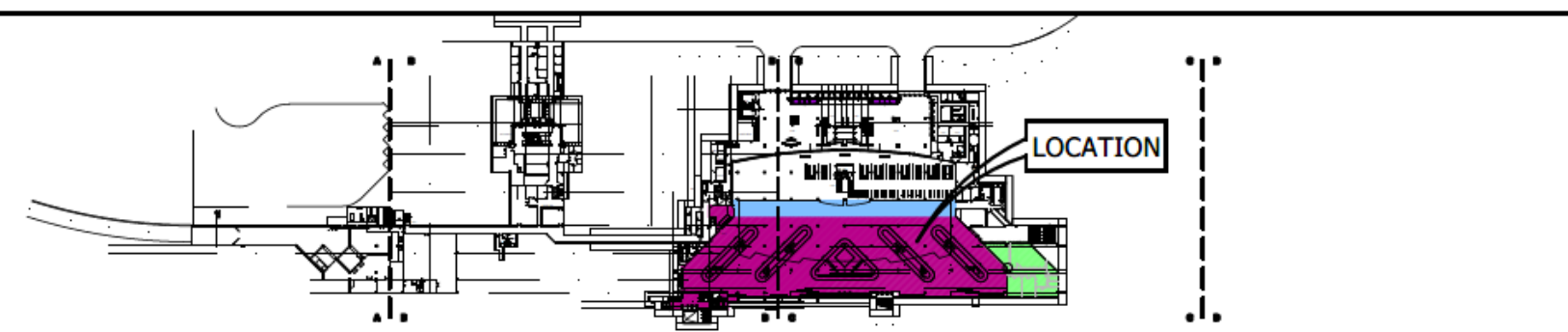
BASEMENT LEVEL CUSTOM OFFICE AND INSPECTION AREA

GROUP NO.
C-16
SHEET 1 OF 1

FILE LOCATION: YEINGR_BKPIEDGAR-CADD FOLDERDRAWING 2015TERMINAL BLDG DWGUPDATED TERM-BLDG.DWG

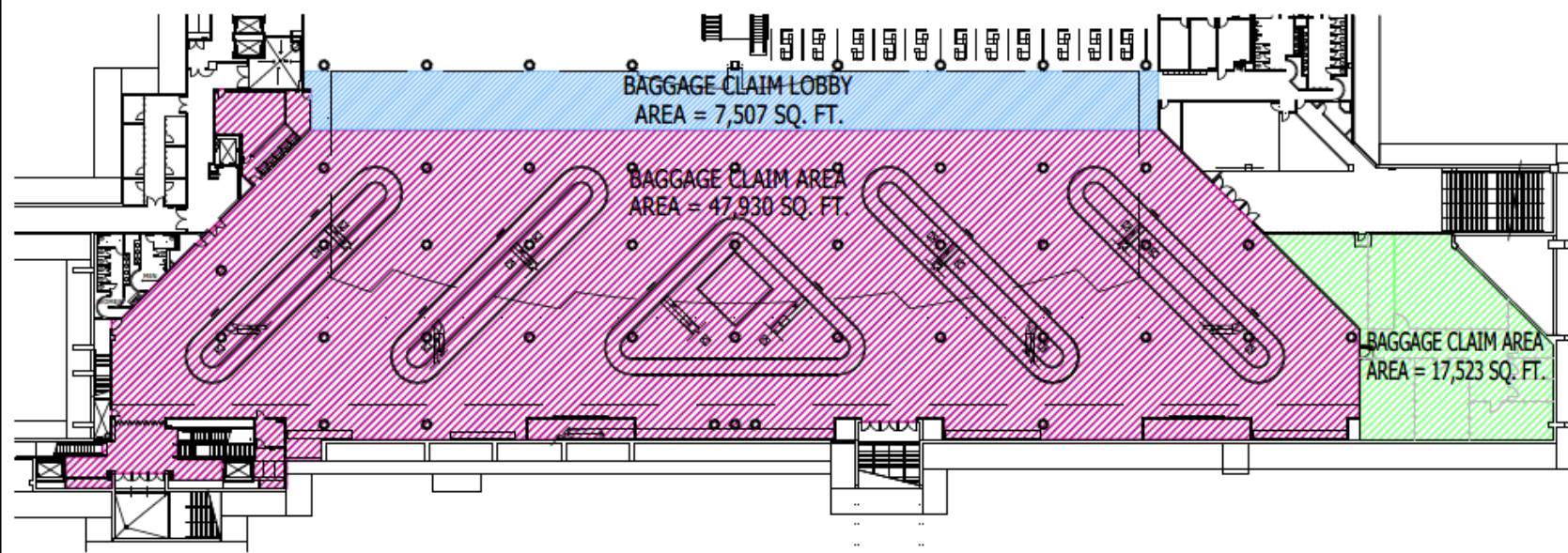


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BASEMENT LEVEL




NTS



PARTIAL EAST BASEMENT LEVEL BAGGAGE CLAIM AND SERVICE AREA

NTS

LEGEND:

-  BAGGAGE CLAIM AREA
AREA = 47,930 SQ. FT.
-  BAGGAGE CLAIM AREA
AREA = 17,523 SQ. FT.
-  BAGGAGE CLAIM LOBBY
AREA = 7,507 SQ. FT.



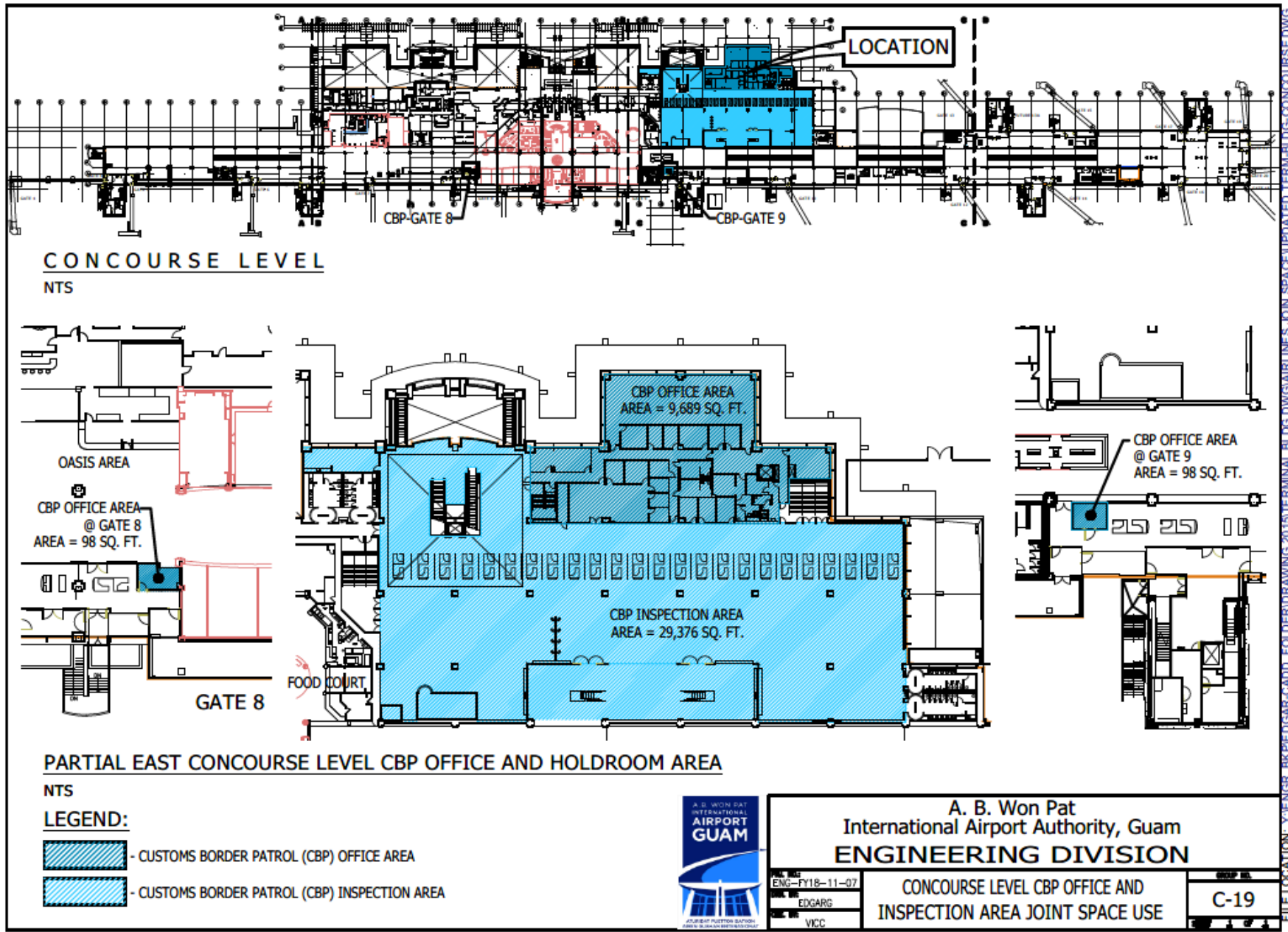
A. B. Won Pat
International Airport Authority, Guam
ENGINEERING DIVISION

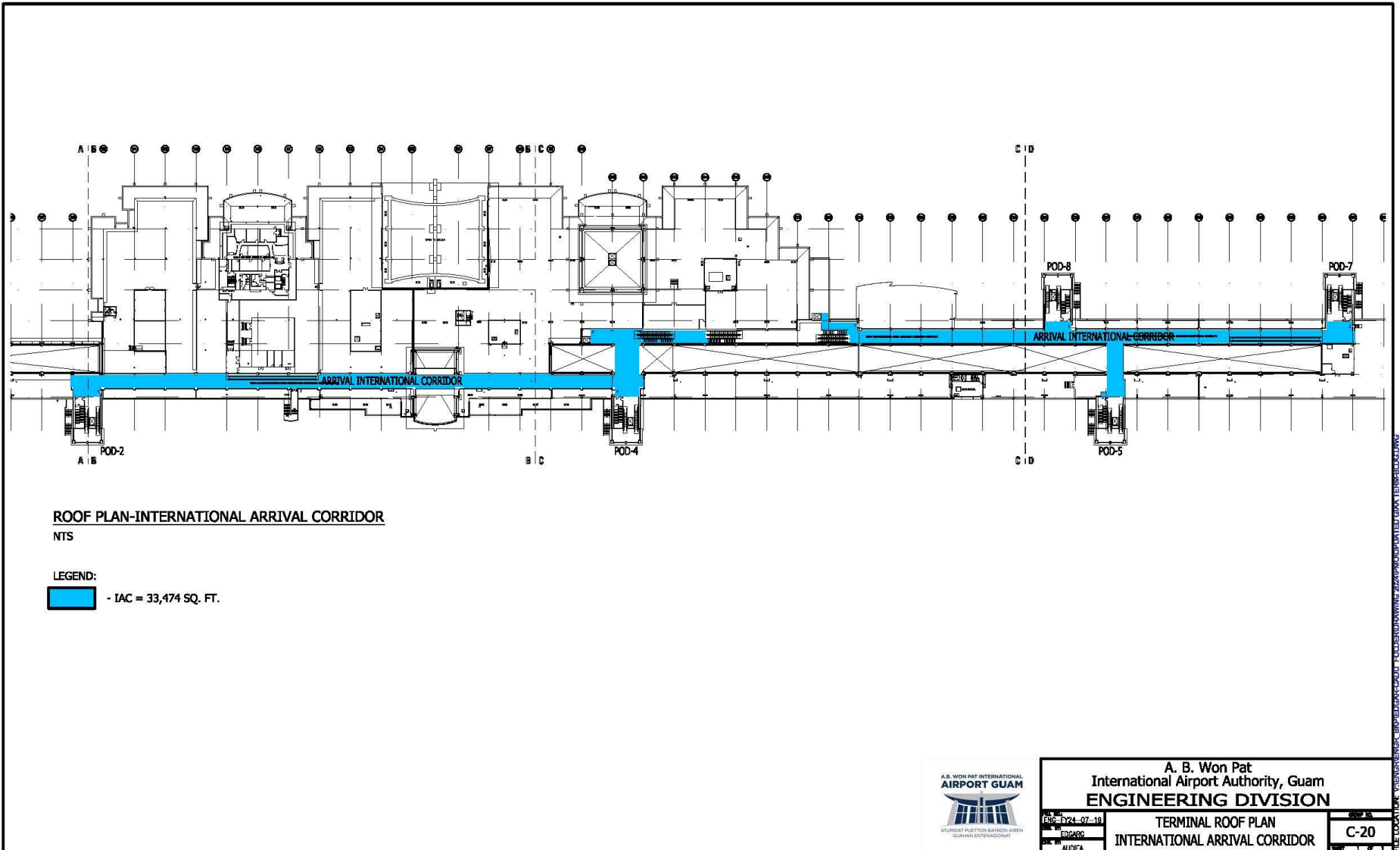
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EDGARG
VICC

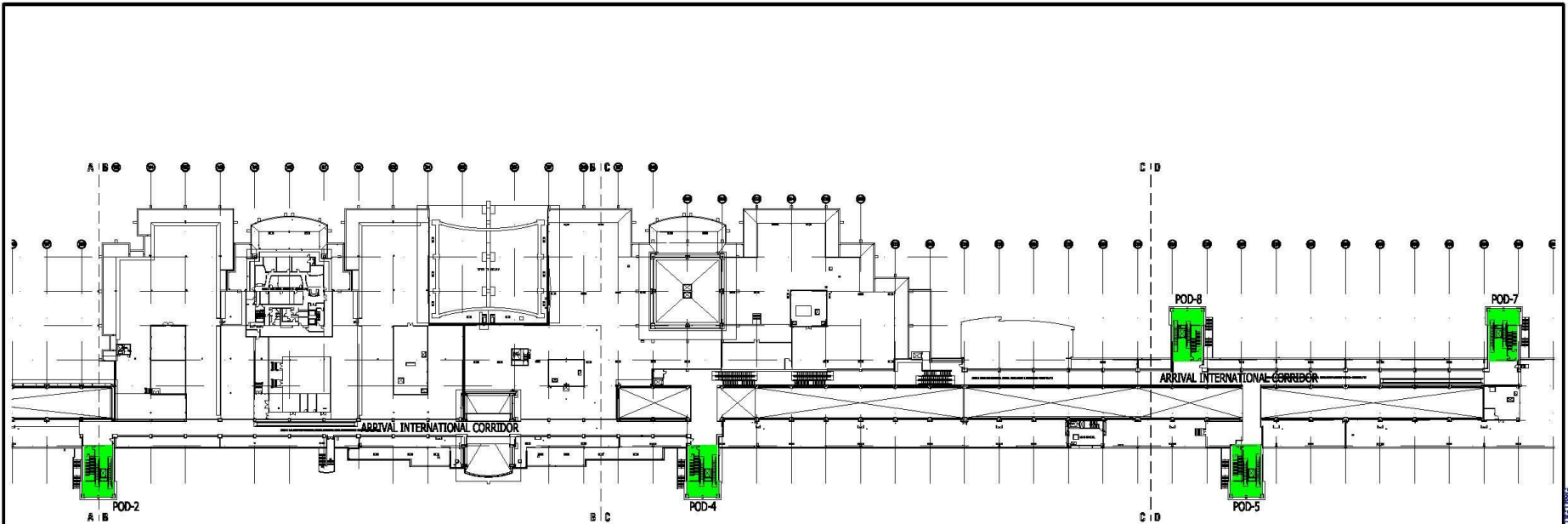
BASEMENT LEVEL BAGGAGE CLAIM SERVICE AREA

C-18

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ROOF PLAN-INTERNATIONAL ARRIVAL CORRIDOR PODS

NTS

LEGEND:

 - TOTAL PODS = 26,687 SQ. FT.



**A. B. Won Pat
International Airport Authority, Guam
ENGINEERING DIVISION**

REV: 07-18
EDGAR
AUEA

**TERMINAL ROOF PLAN
INTERNATIONAL ARRIVAL CORRIDOR PODS**

C-21

Exhibit D

Daily Flight Activity Log (DFAL)

MONTH / YEAR:

DAY / DATE:

[illegible]

Revised: 10/05/2006

Exhibit E

Monthly Revenue Report Form

EXHIBIT E

Signatory Airline Operating Agreement and Terminal Building Lease
Monthly Revenue Report

TO: A.B. Won Pat International Airport Authority, Guam - Accounting Office

FROM: _____
Signatory Airline Carrier

MONTH/YEAR: _____

PASSENGER DATA

DEPLANED PASSENGERS

	Arriving Passengers			Inbound In-Transit			Total Deplaned
	Domestic	International	Total	Thru	Connecting	Total	
Revenue			0			0	0
Non-Revenue **			0			0	0
Total	0	0	0	0	0	0	0

ENPLANED PASSENGERS

	Departing Passengers			Outbound In Transit			Total Enplaned
	Domestic	International	Total	Thru	Connecting	Total	
Revenue			0			0	0
Non-Revenue **			0			0	0
Sub Total	0	0	0	0	0	0	0
Crew/Employee	0	0	0				
Total	0	0	0	0	0	0	0

CARGO/MAIL DATA

	Cargo (lbs.)			Mail (lbs.)		
	Deplaned	Enplaned	Total	Deplaned	Enplaned	Total
Revenue			0			0
Non-Revenue			0			0
Total	0	0	0	0	0	0

AIRCRAFT OPERATIONS

Aircraft Type	Number of Aircraft Arrivals				Aircraft GTOW	Total GTOW	Loading Bridge Use
	Scheduled	Charter	Cargo	Total			
				0		0	
				0			
				0			
				0			
				0			
Total					0	0	0

Total Aircraft Arrivals				0
Total Aircraft Departures				0

Verified by: _____ (Print Name)

** excludes Airline Employees

Verified by: _____ (Authorized Signature)

Revised 11/03/23

Exhibit F

Federal Aviation Administration Required Provisions

- A. **Civil Rights – General.** In all its activities within the scope of its airport program, Airline agrees to comply with pertinent statutes, Executive Orders, and such rules as identified in Title VI List of Pertinent Nondiscrimination Acts and Authorities to ensure that no person shall, on the grounds of race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance.

This provision is in addition to that required by Title VI of the Civil Rights Act of 1964.

If Airline transfers its obligation to another, the transferee is obligated in the same manner as Airline.

The above provision obligates Airline for the period during which the property is owned, used or possessed by Airline and the AUTHORITY remains obligated to the Federal Aviation Administration

- B. **Civil Rights – Compliance with Nondiscrimination Requirements.** During the performance of this contract, Airline, for itself, its assignees, and successors in interest (hereinafter referred to as the “Airline”), agrees as follows:

1. **Compliance with Regulations:** Airline (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this Agreement.
2. **Nondiscrimination:** Airline, with regard to the work performed by it during the Agreement, will not discriminate on the grounds of race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of subcontractors, including procurements of materials and leases of equipment. Airline will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR part 21.
3. **Solicitations for Subcontracts, including Procurements of Materials and Equipment:** In all solicitations, either by competitive bidding or negotiation made by Airline for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by Airline of the contractor’s obligations under this Agreement and the Nondiscrimination Acts and Authorities on the grounds of race, color, or national origin.
4. **Information and Reports:** Airline will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and

will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the AUTHORITY or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, Airline will so certify to the AUTHORITY or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.

5. **Sanctions for Noncompliance:** In the event of Airline's noncompliance with the non-discrimination provisions of this Agreement, the AUTHORITY will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:
 - a. Withholding payments to Airline under this Agreement until Airline complies; and/or
 - b. Cancelling, terminating, or suspending this Agreement, in whole or in part.
6. **Incorporation of Provisions:** Airline will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations, and directives issued pursuant thereto. Airline will take action with respect to any subcontract or procurement as the AUTHORITY or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if Airline becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, Airline may request the AUTHORITY to enter into any litigation to protect the interests of the AUTHORITY. In addition, the AUTHORITY may request the United States to enter into the litigation to protect the interests of the United States.

- C. **Civil Rights – Title VI Clauses for Use/Access to Real Property.** Airline for itself, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the Premises or the Airport, (2) that in the construction of any improvements on, over, or under such Premises and the Airport, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that Airline will use the Premises in compliance with all other requirements imposed by or pursuant to the Title VI List of Pertinent Nondiscrimination Acts and Authorities.

In the event of breach of any of the above Non-discrimination covenants, the AUTHORITY will have the right to terminate this Agreement and to enter or re-enter and repossess Premises and the facilities thereon, and hold the same as if this Agreement had never been made or issued.

- D. **Title VI List of Pertinent Nondiscrimination Acts and Authorities.** During the performance of this contract, Airline, for itself, its assignees, and successors in interest (hereinafter referred to as the “Airline”) agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:
- a. Title VI of the Civil Rights Act of 1964 (42 USC § 2000d *et seq.*, 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);
 - b. 49 CFR part 21 (Non-discrimination in Federally-Assisted programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964);
 - c. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 USC § 4601) (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
 - d. Section 504 of the Rehabilitation Act of 1973 (29 USC § 794 *et seq.*), as amended (prohibits discrimination on the basis of disability); and 49 CFR part 27 (Nondiscrimination on the Basis of Disability in Programs or Activities Receiving Federal Financial Assistance);
 - e. The Age Discrimination Act of 1975, as amended (42 USC § 6101 *et seq.*) (prohibits discrimination on the basis of age);
 - f. Airport and Airway Improvement Act of 1982 (49 USC § 47123), as amended (prohibits discrimination based on race, creed, color, national origin, or sex);
 - g. The Civil Rights Restoration Act of 1987 (PL 100-259) (broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
 - h. Titles II and III of the Americans with Disabilities Act of 1990 (42 USC § 12101, *et seq.*) (prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities) as implemented by U.S. Department of Transportation regulations at 49 CFR parts 37 and 38;
 - i. The Federal Aviation Administration’s Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
 - j. Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (ensures nondiscrimination against minority populations by discouraging programs, policies, and activities

with disproportionately high and adverse human health or environmental effects on minority and low-income populations);

- k. Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [70 Fed. Reg. 74087 (2005)];
- l. Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 USC § 1681, et seq).

DRAFT

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

RESOLUTION NO. 25-08

**RESOLUTION APPROVING FINANCIAL RELIEF FOR LOTTE DUTY FREE GUAM
CONCESSION**

WHEREAS, as a result of the damage and uncertainty caused by the COVID-19 pandemic, Typhoon Mawar, and other geopolitical issues and hardships that have arisen over the past several years, Guam’s economic recovery, particularly within the travel and retail sectors, has been much slower than anticipated. Compared to the period from January to August 2019 before the COVID-19 pandemic, the recovery rate for the period from January to August 2024 is only 46% in tourist numbers and 39% in specialty retail sales at the Airport;

WHEREAS, Lotte Duty Free Guam, LLC (“Lotte”), the Authority’s specialty retail concessionaire, has been seeking financial relief from the Authority as it navigates the financial challenges associated with the prolonged recovery of Guam’s tourism industry;

WHEREAS, the Board of Directors finds that it is in the best interest of the Authority to assist Lotte by providing relief as approved herein.

BE IT RESOLVED, by the Board of Directors of the Antonio B. Won Pat International Airport Authority, Guam, as follows:

Section 1. The Board hereby authorizes the Authority to extend financial relief to Lotte under its Concession Agreement, as amended, in accordance with the following terms (collectively “Relief Terms”):

a. Adjusted Enplaned Passenger Fee as follows:

Period	Number of Enplaned Passengers (cumulative)	Enplaned Passenger Fee
July 2024 – September 2024	N/A	\$4.00
October 2024 – September 2025	Up to 1,270,000	\$3.00
	Over 1,270,000	\$4.00
October 2025 – July 20, 2026	Up to 886,000	\$3.00
	Over 886,000	\$4.00

b. Reduction of utility costs beginning October 1;

c. Adjustment of minimum capital investment to less than \$2,000,000, inclusive of the expansion of the Gucci boutique (“Minimum Capital Investment”). Approximately \$2,000,000 of the Minimum Capital Investment shall be depreciated/amortized over a period of not more than the five (5) years beginning on March 1, 2025, on a straight-line basis with no salvage value. For the next competitive solicitation for the Specialty Retail Concession, any

unamortized amount at July 20, 2026 shall be paid by the subsequent concessionaire;

- d. The warehouse storage space currently occupied by Lotte shall be included as Storage Space under the Concession Agreement.

Section 2. The Board hereby authorizes the Authority to enter into an amendment of the Concession Agreement that is in accordance with the Relief Terms and the Executive Manager and the Deputy Executive Manager are each singly hereby authorized and directed to execute such amendment.

Section 3. Management is authorized to do all things necessary and proper to implement this resolution.

Section 4. This resolution shall take effect from and after its adoption.

[SIGNATURE PAGE FOLLOWS]

**DULY AND REGULARLY ADOPTED BY THE BOARD OF DIRECTORS OF THE
ANTONIO B. WON PAT INTERNATIONAL AIRPORT AUTHORITY, GUAM AT THE
OCTOBER 18, 2024 REGULAR BOARD MEETING.**

BRIAN J. BAMBA, Chairman

GURVINDER SOBTI

DONALD I. WEAKLEY

LUCY M. ALCORN

ROSIE TAINATANGO

DOYON A. MORATO

JESSE G. GARCIA

**ANTONIO B. WON PAT INTERNATIONAL AIRPORT AUTHORITY, GUAM
BOARD OF DIRECTORS RESOLUTION NO. 25-07**

**RELATIVE TO AUTHORIZING GIAA TO OPEN TWO SEPARATE BANK
ACCOUNTS FOR ANTONIO B. WON PAT INTERNATIONAL AIRPORT
AUTHORITY, GUAM**

WHEREAS, THE ANTONIO B. WON PAT INTERNATIONAL AIRPORT AUTHORITY, GUAM (“GIAA”) desires to establish two separate bank accounts to segregate certain funds that may now be or may in the future be in the possession of and/or administered by GIAA for certain purposes.

NOW THEREFORE, BE IT RESOLVED, the Board of Directors of GIAA (“Board”) hereby authorizes the establishment of establish two separate bank accounts: (1) the *Asset Forfeiture Funds Account* which can only be used for law enforcement purposes that directly supplement GIAA’s appropriated resources, and (2) the *Customs and Quarantine Agency Renovations Account*, to segregate funds that shall be used to pay for the renovations of the Customs and Quarantine Agency Premises at GIAA.

BE IT RESOLVED FURTHER, that one of the signatories that may be required to open up such bank accounts shall be any one of the following; the Chairman, Vice Chairman, the Executive Manager, the Deputy Executive Manager, the Comptroller.

BE IT RESOLVED FURTHER, that the individuals previously designated and authorized by the Board as signatories for GIAA Bank Accounts shall have the same authority over and in relation to the accounts authorized to be opened herein, and that any change to the individuals designated and authorized by the Board as signatories in the future shall apply to these accounts without further act of the Board.

DULY AND REGULARLY ADOPTED BY THE BOARD OF DIRECTORS OF THE ANTONIO B. WON PAT INTERNATIONAL AIRPORT AUTHORITY, GUAM AT THE OCTOBER 18, 2024 REGULAR BOARD MEETING.

BRIAN J. BAMBA, Chairman

GURVINDER SOBTI, Vice Chairman

DONALD I. WEAKLEY, Secretary

LUCY M. ALCORN

Board Resolution No. 25-07
Relative To Authorizing GIAA To Open Two
Separate Bank Accounts
October 18, 2024 Regular Board Meeting

DOYON A. MORATO

ROSIE R. TAINATONGO

JESSE G. GARCIA

ATTEST:

DONALD I. WEAKLEY, Secretary



**ANTONIO B. WON PAT INTERNATIONAL AIRPORT AUTHORITY, GUAM
BOARD OF DIRECTORS**

EXECUTIVE SUMMARY

GIAA AIR SERVICE DEVELOPMENT INCENTIVE PROGRAM AMENDMENT

OCTOBER 18, 2024

Purpose

Board action is requested to approve the GIAA Air Service Development Incentive Program amendment as presented and recommended by management. The program objectives are to attract new entrant air carriers for passenger service to domestic and international routes and/or to expand or increase incumbent air carrier's passenger services to new or existing destinations all toward encouraging the growth of revenue enplaning passengers at the A.B. Won Pat International Airport Authority, Guam (GIAA).

Background

GIAA's Air Service Development Incentive Program

The GIAA Air Service Development Incentive Program (ASDIP) include program objectives, program components program term, program funding, air carrier and market eligibility, application requirements, and other details, was presented and approved at the regularly scheduled Board of Directors meeting held on March 7, 2024 (attached). Since the inception of the program, one signatory carrier has availed of the incentive program in its launch of daily flights from a previously unserved market.

To foster direct air services to Guam, program amendments are needed to provide criteria that expands eligibility to a wider catchment area beyond primary markets beyond Japan and Korea, that include Taiwan, Southeast Asia and the US West Coast.

Recommendation

Recommendation is to amend the GIAA ASDIP as follows:

1) MINIMUM WEEKLY FREQUENCY

Non- Stop Short- Medium Haul Flights (< 6 hours)

Incentives applies to eligible air service with a minimum frequency of one (1) flight per week for short – medium haul flights

Non-Stop Long-Haul Flights (>6 hours)

Incentives applies to eligible air service with a minimum frequency of one (1) flight per week for long- haul flights.

- 2) **Rates and Charges Discount:** Incentives applies to operational rates and charges published in the Airport Tariff Schedule in effect at the time of inaugural service and limited to the Airfield Use (Landing) fee, Loading Bridge Use, Immigration Inspection, Arrivals and Departure Fees only. Additional incentives may be provided based on a case-by-case basis subject to review by the Federal Aviation Administration to include marketing support, fuel flowage fees, and terminal rents.

Non- Stop Short- Medium Haul Flights (< 6 hours):

- The cumulative percentage discount of up to 50% for the first year of operations is applicable to the operational rates and factors including, but are not limited to, aircraft capacity, non-peak operational schedule, and load factors. Airfield Use (Landing) fee may be eligible for up to 75% of operational rates in effect.
- For air carriers that are eligible to execute a Signatory Airline Lease and Operating Agreement for up to two (2) years, the cumulative discount for the first year is up to 50% and may be eligible for additional discounts of up to 75% for the second year of operations.

Non-Stop Long-Haul Flights (>6 hours):

- The cumulative percentage discount of up to 100% for the first year of operations is applicable to the operational rates and factors including, but are not limited to, aircraft capacity, non-peak operational schedule, and load factors.
- For air carriers that are eligible to execute a Signatory Airline Lease and Operating Agreement for up to two (2) years, the cumulative discount for the first year is up to 100% and may be eligible for additional discounts of up to 75% for the second year of operations

Other:

- For existing GIAA signatory airlines, incentives for existing routes may be provided on a case-by-case basis and discounts of up to 50% may be applicable subject to negotiations.
- Additional incentives may be provided on a case-by case basis subject to review by the Federal Aviation Administration to include marketing support, fuel flowage fees, and terminal rents.
- The incentive will be computed and applied on an annual basis pursuant to airline budgeted projections and actual operational activity reports for the prior year.

Management recommends approval of the Amendments to the GIAA (ASDIP) as presented above.

EXECUTIVE MANAGER'S REPORT

GIAA BOARD OF DIRECTORS MEETING

OCTOBER 18, 2024

PASSENGER FLIGHT NETWORK: NOVEMBER 2024

AIRLINE	ROUTE	FLIGHT # (Arriving/Departing)	ETA/ETD	OPERATING DAYS (ORIGINATING/DEPARTING GUAM)
United Airlines	HNL	UA201/200	1850/0725	Daily
	HND	UA849/848	0425/1905	Daily
	NRT	UA827/UA873	1550/1700	Daily
		UA197/196	2145/1335	Daily
		UA865/UA864	2240/1335	Daily
	SPN	UA840/UA841	2245/1215	Mon,Wed,Fri, Sat/Tue, Thu, Sat, Sun
		UA076/UA174	1035/0800	Daily
	MNL	UA184/UA183	0415/1920	Daily
	KIX	UA150/UA151	1555/0710	Daily
		UA178/UA177	0135/1700	Wed,Fri, Sun/Tue, Thu, Sat
United Airlines	NGO	UA136/UA137	1610/0730	Daily
	PNI	UA176/UA176	0330/2025	Sunday/Saturday
		UA158/UA157	0510/2340	Mon,Tue,Thu,Fri/Mon,Wed,Thu,Sun.
	ROR	UA192/UA156	0630/1955	Wed,Sat/Tue,Thu
AIRLINE	ROUTE	FLIGHT # (Arriving/Departing)	ETA/ETD	OPERATING DAYS (ORIGINATING/DEPARTING GUAM)
United Airlines	TKK	UA132/UA133	1655/0800	Mon & Thur/Wed & Sun
		UA154/UA155	1825/0755	Tue & Sat/Mon & Fri
United Airlines	Yap	UA186/UA185	0400/2335	Wed & Sun/Tue & Sat.
		UA186/UA185	0400/2335	Wed & Sun/Tue & Sat.
Japan Airlines	NRT	JL941/JL942	1415/1650	Daily
Jeju Airlines	ICN	7C3101/3102	1605/1710	Daily
Korean Air	ICN	KE421/KE422	1515/1700	Daily
Jin Air	ICN PUS	LJ913/LJ914	1505/1615	Daily
		LJ929/LJ930	0200/0300	Mon, Wed, Friday, Saturday
Philippine Airlines	MNL	PR110/PR111	0425//0555	Daily, except Nov 6, 13, & 21
T'Way Airlines	ICN	TW303/TW304	1410/1510	Daily
China Airlines	TPE	CI026/CI027	0300/0645	Daily
Star Marianas	ROP	**3401/**4301	1200/1230	Mon, Tue, Wed, Thu, Fri

Air Service Changes (Nov vs. Oct):

Japan Airlines increases 5x to daily effective October 27
China Airlines resumes twice weekly TPE operations effective November 27
PAL planned cancellations on Nov. 6, 13 & 21
Jeju suspends daily ICN AM flight
Jin Air decreases PUS from daily to 4x weekly
United decreases its late night NRT (Flt #864) from daily to 4x weekly

AIR SERVICE SNAPSHOT

There is a 15% and 11% decrease in flights and seat capacity in November as compared to October 2024, primarily from the discontinued United Fukuoka flight and suspension of Jeju's Incheon early morning flight.

	CY 2023			*CY 2024			% Percentage Change		
	# of Flights	Seat Capacity	Enplane-ments	# of Flights	Seat Capacity	Enplane-ments	# of Flights	Seat Capacity	Enplane-ments
January	625	105,854	79,100	816	148,616	101,439	31%	40%	22%
February	525	94,167	73,378	712	129,083	94,082	36%	37%	22%
March	695	112,091	87,147	696	127,338	96,992	0.14%	14%	10%
April	622	115,790	79,104	641	117,135	75,283	3.05%	1%	-5%
May	677	125,300	73,858	703	128,368	84,152	3.84%	2%	12%
June	386	74,159	45,896	633	115,976	85,672	63.99%	56%	46%
July	569	107,198	78,661	653	119,700	86,066	14.76%	12%	9%
August	649	120,587	83,950	681	124,050	94,034	5%	3%	11%
September	955	179,078	72,993	616	113,413	NA	-35%	-37%	NA
*October	672	121,121	79,127	651	119,723	NA	-3%	-1%	NA
*November	667	118,657	82,864	564	105,439	NA	-15%	-11%	NA
*Unaudited									

TRAINING/RECERTIFICATION

GIAA Training Commonwealth Ports Authority on FAR Part 139

In a show of support for our sister airports in the CNMI, Juan Reyes, Air Terminal Manager and Raymond Quintanilla, Operations Superintendent are conducting a comprehensive three-day course of FAR Part 139 – Airport Certification to personnel of the Francisco P. Ada Saipan International Airport from September 25-28, 2023. FAR Part 139 prescribes rules governing the certification and operation of airports in any US state or territory.

OTECH Virtual Cybersecurity Training for GovGuam

GovGuam's Office of Technology is extending GovGuam wide virtual cybersecurity awareness training with multiple dates and times to accommodate schedules from October 14 through 30, 2024 as part of Cybersecurity Awareness Month (October 2024). This essential 40-minute session will equip teams with the knowledge and skills needed to protect themselves and your department from online threats.

*All required quarterly training/travel reports are posted on the Airport's website.

FEDERAL REGULATORY UPDATES

GIAA CYBERSECURITY TRAINING

GIAA will be conducting its annual Cybersecurity/ Airport Police Tabletop Exercise as mandated by TSA on Thursday, November 14, 2024 @ 9am at GIAA Conference Rooms 1 & 2 with the participation of Airlines, TSA, USCBP, Guam CQA, FBI, Guam CISA, GPD and USPS. The exercise will provide the opportunity to review and discuss respective plans and procedures, decision-making processes, identify gaps and improve information sharing for a coordinated response in the event of a cybersecurity incident.

PART 150 Noise Study Update

Another round of management and stakeholder sessions to review and discuss the DRAFT Noise Exposure Map (NEM) is schedule for November 12, 14 and 15, 2024. A public information will be held on November 14, 2024, from 5pm to 7pm in GIAA Conference rooms 1 & 2. The Draft NEM will be available for public review and comment from October 29 through November 29, 2024, in three locations – GIAA offices, and the Hagåtña and Barrigada Public libraries.

LEGISLATIVE UPDATES

Bill 319-37: An Act Relative to Providing Authority to the A. B. Won Pat International Airport Authority to Promulgate Rules and Regulations for the Solicitation, Selection, and Award of Concession Agreements...for the use of airport facilities and properties. The Public Hearing was held on October 1, 2024 @ 2pm, in the public hearing room of the Guam Congress Building. GIAA Chairman Bamba and Executive Manager Quinata testified in support of the bill and was joined by the Deputy Executive Manager and Airport Consultant Santos on the panel to field questions from legislators.

EXECUTIVE MANAGER'S REPORT
GIAA BOARD OF DIRECTORS MEETING
OCTOBER 18, 2024

GIAA receives Full Delegation Authority as Purchasing Agent

GSA Acting Chief Procurement Officer, Andriana Quitugua, conditionally granted delegation of procurement authority to Executive Manager John M. Quinata effective October 1, 2024.

ANNOUNCEMENTS

- **The Great Guam Shakeout** is scheduled for October 17, 2024 @ 10:17am. GIAA has solicited for the participation of all airlines, tenants and vendors to drop, cover and hold in this island-wide and international earthquake drill.
- **Get Your Pink On/October is Breast Cancer Awareness Month.**
The 13th Annual GET YOUR PINK ON Wave is scheduled for Friday, October 25, 2024, from 4-6pm. GIAA through the GIAAEO will be participating in the WAVE on Friday, October 25th, 2024, at the ITC Intersection from 4 to 6pm.
- **United Airlines/GIAA Joint Annual Safety Fair**
The second annual United Airlines/GIAA Safety Fair is scheduled for Wednesday October 23, 2024, at the East Ticket Lobby. Held for the participation of all working at GIAA, the Safety Fair will feature vendor displays of safety and health measures and awareness, health checks, health and fitness activities, and giveaways for participants. We encourage Board members to join us for this featured event!
- Guam's **2024 Relay for Life** will be at the University of Guam Calvo Field House on Saturday, November 9, 2024, from 3:00pm - 9:00 pm. Led by Engineering and the Property Management Office, GIAA participants will be taking turns walking around a track lined with luminaria bags. More information will be made available and distributed on where to purchase luminaria bags, t-shirts and GIAA's meeting area.

September 6, 2024

MEMORANDUM

To: Mr. Brian Bamba
Chairman
GIAA Board of Directors

From: Dafne Mansapit-Shimizu 
Comptroller

Subject: Operating Results – Revenues and Expenses as of July 31, 2024

Attached herewith is GIAA's Operating Results Report for the month ending July 31, 2024. This report summarizes the Budgeted versus Actual Revenues and Expenses for the month and year-to-date results ended July 31, 2024.

The key operating results for 10 month(s) of FY2024 ending July 31, 2024 – (in \$000's) are

CATEGORY	Actual FY24 Current Month	YEAR-TO-DATE			FORECAST FOR FULL YEAR- FY24	
		Budget FY24 Y-T-D	Actual FY24 Y-T-D	% Variance Budget vs. Actual	Actual	% Variance Budget vs. Actual
				Y-T-D Current Month		
Total Signatory Revenues	\$ 2,626.4	\$ 33,498.4	\$ 26,821.3	-19.9%	\$ 33,717.3	-16.5%
Total Concession Revenues	\$ 965.0	\$ 10,170.2	\$ 9,325.9	-8.3%	\$ 11,531.8	-6.8%
Total PFC's	\$ 340.0	\$ 4,106.4	\$ 3,259.6	-20.6%	\$ 4,108.9	-17.1%
Total Other Revenues	\$ 1,401.9	\$ 13,540.9	\$ 14,631.3	8.1%	\$ 17,352.9	6.7%
Total Operating Revenues	\$ 5,333.3	\$ 61,315.9	\$ 54,038.0	-11.9%	\$ 66,710.9	-9.8%
Total Operating Expenses	\$ 4,485.0	\$ 46,723.3	\$ 39,525.4	-15.4%	\$ 48,401.7	-12.9%
Net Revenues from Operations	\$ 848.3	\$ 14,592.6	\$ 14,512.6	-0.5%	\$ 18,309.1	-0.4%
Non-Operating Expenses	\$ 112.0	\$ 797.7	\$ 3,242.3	306.5%	\$ 3,342.6	272.2%
Other Available Moneys/Other Sources of Funds	\$ 322.6	\$ 2,802.2	\$ 2,789.2	-0.5%	\$ 3,349.7	-0.4%
Net Debt Service Coverage	1.19	1.73	1.56	-10.0%	1.67	-8.0%

Year-to-date Total Signatory Revenues for the month ending July 31, 2024 are below Budgeted revenues by **19.9%**. Signatory revenue estimates are based on projections submitted by Signatory airlines and adopted in the annual budget.

Year-to-date Total Concession Revenues are **8.3%** below budget while Passenger Facility Charges are below the budget estimate by **20.6%**.

Year-to-date Total Other Revenues, inclusive of non-signatory and non-airlines revenues, are above the budget estimate by **8.1%**.

Year-to-date Total Operating Revenues actual of **\$54.0M** is **11.9%** below the budget estimate of **\$61.3M**.

Year-to-date Total Operating Expenses are below budget by **15.4%**. Components of this line item include Personnel Service, Contractual Services, and Materials & Supplies which came in below budget by **9.7%**, **16.5%**, and **58.5%**, respectively.

The actual year-to-date Net Revenues from Operations of **\$14.5M** is **0.5%** below the year-to-date budgeted amount of **\$14.6M**.

Finally, our year-to-date results for Debt Service Coverage is at **1.56** 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
Airport Services Manager

A.B. WON PAT INTERNATIONAL AIRPORT AUTHORITY, GUAM
KEY OPERATING RESULTS (\$000's)
As of July 31, 2024

	CURRENT MONTH				Budget Full Year	YEAR - TO - DATE				FULL YEAR FORECAST	
	Actual	Budget	Actual	%Var		Actual	Budget	Actual	%Var	Actual/Est	%Var
	FY2023	FY2024	FY2024	Bud Vs Act'l		FY2023	FY2024	FY2024	Bud Vs Act'l		
I. Signatory Airline Rents & Fees											
Terminal Bldg Rentals	223.0	279.0	272.4	-2.4%	3,348.2	2,216.6	2,790.2	2,724.2	-2.4%	3,282.2	-2.0%
Departure Fees	416.0	839.0	562.3	-33.0%	9,275.2	3,934.6	7,685.6	5,725.1	-25.5%	7,314.6	-21.1%
Arrival Fees	324.8	626.4	432.4	-31.0%	6,954.1	2,725.8	5,755.2	4,125.5	-28.3%	5,324.4	-23.4%
Immigration Inspection Fees	125.8	243.4	165.9	-31.8%	2,731.0	1,064.5	2,260.1	1,617.0	-28.5%	2,087.8	-23.6%
Common Use Departure Fees	0.0	104.4	59.8	-42.7%	1,175.8	203.4	969.6	662.9	-31.6%	869.2	-26.1%
Loading Bridge Use Fees	276.2	413.1	327.7	-20.7%	4,757.3	2,563.9	3,947.0	3,374.7	-14.5%	4,185.0	-12.0%
Landing Fees	519.9	911.9	700.4	-23.2%	10,561.2	5,433.6	8,769.1	7,478.0	-14.7%	9,270.1	-12.2%
Apron Use Fees	74.1	137.4	105.6	-23.2%	1,591.7	773.1	1,321.6	1,113.9	-15.7%	1,384.0	-13.1%
Total Signatory Revenue	1,959.7	3,554.6	2,626.4	-26.1%	40,394.4	18,915.5	33,498.4	26,821.3	-19.9%	33,717.3	-16.5%
Enplaned Signatory Pax	73,811	127,645	85,581	-33.0%	1,411,083	694,374	1,169,257	871,400	-25.5%	1,113,226	-21.1%
Cost per Enplaned Pax	\$26.55	\$27.85	\$30.69	10.2%	\$28.63	\$27.24	\$28.65	\$30.78	7.4%	\$30.29	5.8%
Revenues from Sources other than Signatory Airlines Rents & Fees											
Concession Revenues											
Gen Mdse	281.7	798.2	602.1	-24.6%	8,690.6	5,437.6	7,097.2	5,797.6	-18.3%	7,391.1	-15.0%
In-flight Catering	77.6	72.5	108.8	50.0%	783.1	528.9	653.0	1,061.1	62.5%	1,191.2	52.1%
Food & Beverage	40.8	80.4	76.5	-4.9%	867.8	618.8	723.6	757.8	4.7%	902.0	3.9%
Rental Cars	133.3	158.8	154.8	-2.5%	1,714.3	1,089.2	1,429.5	1,492.6	4.4%	1,777.5	3.7%
Other Concession Rev	17.6	29.7	22.8	-23.1%	320.2	176.5	267.0	216.7	-18.8%	270.0	-15.7%
Total Concession Revenues	551.0	1,139.6	965.0	-15.3%	12,376.1	7,850.9	10,170.2	9,325.9	-8.3%	11,531.8	-6.8%
Passenger Facility Charges	277.3	448.3	340.0	-24.2%	4,955.7	2,731.7	4,106.4	3,259.6	-20.6%	4,108.9	-17.1%
Other Revenue	1,433.7	1,372.8	1,401.9	2.1%	16,262.5	12,112.6	13,540.9	14,631.3	8.1%	17,352.9	6.7%
Total Operating Revenue	4,221.7	6,515.3	5,333.3	-18.1%	73,988.8	41,610.7	61,315.9	54,038.0	-11.9%	66,710.9	-9.8%
II. Operating Expenses:											
Personnel Services	1,696.7	1,954.4	2,139.7	9.5%	25,341.2	17,576.8	21,442.6	19,363.1	-9.7%	23,261.7	-8.2%
Contractual Services	1,886.3	2,260.6	2,210.2	-2.2%	27,652.8	18,090.1	22,911.2	19,128.0	-16.5%	23,869.5	-13.7%
Materials & Supplies	104.7	229.9	84.9	-63.1%	2,605.6	728.3	2,369.5	984.1	-58.5%	1,220.3	-53.2%
Equipment/Furnishings	0.0	0.0	50.2	0.0%	0.0	0.0	0.0	50.2	0.0%	50.2	0.0%
Total Operating Expenses	3,687.7	4,444.9	4,485.0	0.9%	55,599.6	36,395.2	46,723.3	39,525.4	-15.4%	48,401.7	-12.9%
Net income from Operations	534.0	2,070.4	848.3	-59.0%	18,389.2	5,215.5	14,592.6	14,512.6	-0.5%	18,309.1	-0.4%

A.B. WON PAT INTERNATIONAL AIRPORT AUTHORITY, GUAM
KEY OPERATING RESULTS (\$000's)
As of July 31, 2024

CURRENT MONTH				Budget Full Year	YEAR - TO - DATE				FULL YEAR FORECAST	
Actual FY2023	Budget FY2024	Actual FY2024	%Var Bud Vs Act'l		Actual FY2023	Budget FY2024	Actual FY2024	%Var Bud Vs Act'l	Actual/Est	%Var Bud Vs Act'l

III. Other Revenues and Expenses

Less: Non-operating /Non-recurring Expense (Post Employment/Emergency)	112.6	50.2	112.0	123.4%	898.0	1,085.8	797.7	3,242.3	306.5%	3,342.6	272.2%
Add: Interest on Investments	<u>93.5</u>	<u>51.5</u>	<u>111.7</u>	<u>116.7%</u>	<u>618.3</u>	<u>982.8</u>	<u>515.2</u>	<u>1,344.4</u>	<u>160.9%</u>	<u>1,447.4</u>	<u>134.1%</u>
Net Revenues	514.9	2,071.7	847.9	-59.1%	18,109.5	5,112.5	14,310.2	12,614.7	-0.1	16,414.0	-0.1
Add: Other sources of Funds (Federal Reimb)	48.7	33.3	75.7	127.1%	400.0	409.3	333.3	320.4	-3.9%	387.0	-3.2%
Add: Other available moneys	<u>168.2</u>	<u>246.9</u>	<u>246.9</u>	<u>0.0%</u>	<u>2,962.6</u>	<u>1,682.1</u>	<u>2,468.9</u>	<u>2,468.9</u>	<u>0.0%</u>	<u>2,962.6</u>	<u>0.0%</u>
Net Revenues and Other Available Moneys	<u>731.9</u>	<u>2,351.9</u>	<u>1,170.4</u>	<u>-50.2%</u>	<u>21,472.1</u>	<u>7,203.9</u>	<u>17,112.4</u>	<u>15,404.0</u>	<u>-10.0%</u>	<u>19,763.7</u>	<u>-8.0%</u>
Debt Service payments	<u>672.9</u>	<u>987.5</u>	<u>987.5</u>	<u>0.0%</u>	<u>11,850.6</u>	<u>6,728.5</u>	<u>9,875.5</u>	<u>9,875.5</u>	<u>0.0%</u>	<u>11,850.6</u>	<u>0.0%</u>
Debt Service Coverage	1.09	2.38	1.19	-50.2%	1.81	1.07	1.73	1.56	-10.0%	1.67	-8.0%

RECOMMENDATION OF COUNSEL

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

CC: Mr. John M. Quinata
Executive Manager
ANTONIO B. WON PAT INTERNATIONAL
AIRPORT AUTHORITY, GUAM

FROM: Janalynn Cruz Damian 
CALVO JACOB & PANGELINAN LLP

DATE: October 8, 2024

SUBJECT: **Executive Session**

Pursuant to 5 GCA § 8111(c), I hereby recommend that the Board of Directors of GIAA conduct an Executive Session at the next scheduled Board meeting to discuss DFS Guam L.P. related litigation to which GIAA is or may be a party.

October 7, 2024

VIA BOARD SECRETARY

Mr. Brian J. Bamba, Chairman
Members of the Board of Directors
A.B. Won Pat International Airport Guam
355 Chalan Pasaheru
Tamuning, Guam 96913

***RE: Recommendation to go into Executive Session at
Regular Meeting for October 18, 2024***

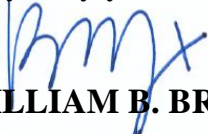
Dear Mr. Chairman and Members of the GIAA Board of Directors,

This is to recommend and advise, pursuant to 5 G.C.A. § 8111(c)(1), of the need to go into executive session at the Regular Board meeting for the GIAA Board of Directors on October 18, 2024 to discuss the following litigation matters to which GIAA is currently a Party:

1. Civil Service Commission Case No. 20-AA05T, in the Matter of P. Kim

A packet concerning this matter was previously transmitted to Board Members via the Board Secretary. Please contact my office if you did not receive these documents. This recommendation is subject to approval by an affirmative vote of a majority of the members of the GIAA Board of Directors.

Very truly yours,


WILLIAM B. BRENNAN

cc: Mr. John M. Quinata
Executive Manager

Mr. Ricky Hernandez
Deputy Executive Manager