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I Maga'Haga Guahan

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Lt. Governor of Guam
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GUAM ECONOMIC DEVELOPMENT AUTHORITY
America in Asia
Aturidåd Inadilånton Ikunumihan Guahan

MELANIE MENDIOLA
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Deputy Administrator
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November 21, 2019

3561-19-1246
Speaker Tina Rose Muña Barnes

NOV 21 2019
Time 3:33 ( )AM ( )PM
Received By: Allen

Honorable Tina Muna Barnes
Speaker
I Mina'trentai Singko na Liheslaturan Guåhan
Guam Congress Building
163 Chalan Santo Papa
Hagåtña, Guam 96910

RE: Reporting Requirements Pursuant to § 1216(c)(2), Article 2, Chapter 1, Title 12 GCA

Hafa Adai Speaker Muna Barnes,

Pursuant to § 1216(c)(2), Article 2, Chapter 1, Title 12 of the Guam Code Annotated, the Guam Economic Development Authority (GEDA) is submitting the following report relative to the issuance of Revenue Bonds of the A.B. Won Pat International Airport Authority, Guam (GIAA).

(A) The debt service savings resulting from the issuance of the refunding bonds was approximately $1,006,204.68 or approximately 2.47%.
(B) The principal amount of the refunding bonds was approximately $37,045,00.00.
(C) The expenses incident to the calling, retiring, or paying of such prior bonds as enumerated in § 1216(b)(5)(A)-(D):
    a. The difference of -$4.9 million is the amount between the par value of the refunding bonds of $37.1 million and any amount less than par for which the refunding bonds are sold in the amount of $41.9 million (value of bonds refunded);
    b. Any amount necessary to be made available for the payment of interest upon such refunding bonds from the date of sale thereof to the date of payment of the 2013 C Bonds or to the date upon which the 2013 C Bonds will be paid pursuant to the call thereof or agreement with the holders thereof in the amount of $6.2 million (interest cost);
    c. The premium, if any, necessary to be paid in order to call or retire the 2013 C Bonds and the interest accruing thereon to the date of the call or retirement in the amount of $1.95 million (premium bond); and
    d. Any additional amount needed to provide for a deposit to the debt service reserve in connection with the issuance of the refunding bonds in the amount of $4.1 million ($1.9 million released from the Debt Service reserve fund and $2.2 million released from the Bond Reserve Account).

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(D) The attached letter dated September 10, 2019 submitted by the GIAA to the Guam Legislature pursuant to § 1216(c)(1), Article 2, Chapter 1, Title 12 of the Guam Code Annotated states that the GIAA determined that the savings derived from the issuance of the Bonds and the refunding of a portion of the 2013 C Bonds will be applied by the GIAA solely towards capital improvement projects.

(E) An analysis of the debt savings to fund additional projects as it relates to the GIAA's total debt outstanding. The capital improvement projects for which the debt savings are to be used and expended is expected have positive impacts to the GIAA's financial health. As per GIAA documents, they intend to use the funds to apply for the following Federal Aviation Administration (FAA) grants:

1.	Design of Cargo Apron (reimbursable)	$1.5M
2.	10% Local Share for FY'19 FAA Grant Eligible CIPs.	$4.7M
3.	10% Local Share for FY'20 FAA Grant Eligible CIPs.	$5.4M
4.	Complete Terminal Roof Replacement Design	$0.7M
5.	Cooling Tower Upgrade	$1.4M
6.	Facility Emergency Generator/Lighting Vault	$1.3M
	TOTAL	$15 M

The savings in FY 2020 will increase the GIAA's revenue opportunities, as the addition of a new Cargo Apron will expand air cargo services out of Guam. With some of the savings, grants will be applied for that will fund rehabilitation of existing aprons, runways and the international arrival corridor.

The savings in FY 2021 will be used as matching funds that will increase the GIAA's chances to be awarded over approximately $100M in FAA grants for capital projects that would have had to be funded by GIAA directly. The improvements will create greater operating efficiency, especially with the terminal roof replacement, cooling tower upgrade and replacement of facility emergency generators and UPS systems.

By having the majority of the cost of these projects funded with FAA grants, the GIAA will be in a better position to service the travelers coming through the facility at a minimal cost to the airlines. With greater efficiencies, the operational costs will be kept low, allowing for greater financial stability and financial health of the GIAA.

Please let us know if you have any questions or need further information.

Si Yu'us Ma'ase,

MELANIE MENDIOLA
CEO / Administrator