PUBLIC NOTICE

February 13, 2009

RE: PFC Application No. 09-03-C-00-GSN

The Commonwealth Ports Authority (CPA) has determined the need to submit to the Federal Aviation Administration (FAA) a new application to impose and use a Passenger Facility Charge (PFC) at Francisco C. Ada/Saipan International Airport (Airport). CPA is posting this public notice as part of the application process under 14 CFR § 158.

1. Three Year Use of PFC Revenue to Pay for Debt Service for Non Eligible Projects

Project Cost	**$3,106,674**
AIP Grant:	**$0**
Revenue Bonds	**$0**
CCAA:	**$0**
PFC Capital:	**$993,115**
PFC Financing:	**$2,113,649**

Impose and Use - $4.50

Start Date: 10/08

End Date: 09/11

Description: Due to the financial need and severe financial hardship CPA is facing, this project consists of the temporary use of PFC revenue to pay for debt service for non-eligible projects funded from proceeds of its Series 1998 Bonds. The temporary period would be for the three fiscal years 2009 – 2011 and would enable CPA to adjust airline and other tenant rates, fees, and charges over a three-year period to return CPA's airport system to a self-sufficient financial operation.

Non-eligible projects funded from the proceeds of the Series 1998 Bonds included the following projects:

GARB Funded Projects	Bond Principal
Airline Operational Office Space	$21,655
Water System Study	12,970
Fire Alarm Upgrade	49,650
Cargo Building Drainage	70,000
Commuter Terminal Parking	75,000
Commuter Terminal Cargo Facility	100,000
Terminal Exterior Painting	300,000
Operation Maintenance Building	500,000
Terminal Renovation (Immigration Office)	1,536,747
Terminal/Holding Room Aircond. Renov.	4,324,272

Departure Building Toilet Renovation	489,448
Rota Terminal Renovation	2,713,497
Sewer Line Connection	2,742,744
	$12,935,983

Justification: As a result of the downturn in air traffic at Francisco C. Ada/Saipan International Airport (Airport) resulting from Continental Micronesia's elimination of nonstop flights to and from Japan, substitution of its service to Guam with service from Cape Air in FY 2005 and, even more devastating, Japan Air Lines' elimination of scheduled service to the Commonwealth of the Mariana Islands (CNMI) in FY 2006, the Commonwealth Ports Authority (CPA) has been unable to meet its revenue bond covenant with regard to payment of debt service and generation of debt service coverage for the past two years. Furthermore, projections indicate it will again not meet its requirement in FY 2008. In FY 2006 CPA's revenues dropped so significantly that it did not generate enough revenue to pay all of its total operating expense, let alone debt service. CPA, unsuccessfully, has been attempting to rectify the situation. It now has the ability to implement a residual rate making methodology for which its aviation consultant projects, that with certain increases in rates, can result in CPA's return to financial stability. However, if these rate increases are implemented in a single year, CPA could expect a further reduction in air service from the airlines still remaining at the Airport. Therefore, CPA is requesting to use additional PFC revenue to fund its debt service requirement over the next three-year period so that it can phase in a new rate structure, mitigate the impact to the air carriers, and not cause further deterioration of scheduled passenger service at the Airport.

<u>CPA Point of Contact</u>

As required under 14 CFR § 158.24, CPA will be accepting public comments on the proposed PFC Application No. 09-03-C-00-GSN up to 30 days after the February 13, 2009 date of posting this public notice on our Web site. Comments should be sent to:

Efrain F. Camacho
Executive Director
Commonwealth Ports Authority
P.O. Box 501055
Saipan, MP 96950